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NEWS SUMMARY

GENERAL

Six killed in Jewish quarter of Paris

A group called Direct Action, which police believe has Middle East connections, claimed responsibility for the shooting at a Paris restaurant which killed three men and three women and wounded 12.

Lebanon attacks Israel launched further fierce air and artillery strikes against Palestinian positions in West Beirut and central Lebanon.

Ulster violence Hundreds of petrol bombs were thrown at police cars set on fire and buildings destroyed as Republicans in Northern Ireland marked the eleventh anniversary of the introduction of internment without trial phased out in 1975.

Coriscan result Coriscan nationalists took 13 per cent of the vote in elections for France's first home-rule assembly for the island, giving them eight of the 61 seats and the balance of power.

Fast broken Soviet hunger striker Yuri Balovenkov broke his 36-day fast after his American wife fled to him, saying the authorities had promised he could emigrate if he resumed eating.

£2 a slave Five pesos (£2) is the going rate for Haitians captured and sold to the sugar mills in neighbouring Dominican Republic, a United Nations group on slavery heard in Geneva.

Cannibalism case A 38-year-old Pole accused of murder and cannibalism of a 23-year-old woman has committed suicide, says the Polish news agency Pp. His wife, suspected of complicity, is being detained.

Bishop wounded The head of the Anglican Church in Uganda, Archbishop Silvanus Wani, was shot and wounded in the thigh by robbers who took his car in the centre of Kampala.

Lost in space A United Nations conference intended as a demonstration of technological wizardry in outer space hit trouble at its opening when live messages beamed by satellite from the presidents of Sri Lanka and Brazil went astray on their way to Vienna.

Channel junior Jason Pipoly, an 11-year-old Denver boy, will attempt to swim the English Channel some time between August 12 and August 18, hoping to become the youngest person ever to do so.

The wild West A police helicopter was helping search for an animal resembling a puma seen by farmer Roy Bragg on his land at Kde, near Exeter. There have been similar reports in the area.

Briefly Four-star petrol price will be 172.5p from today. Page 6 Sir Thomas Waterlow, a prominent Scottish businessman, died at 61.

Table with columns: RISES, FALLS, and various market indicators like Dweek, Kenesha, etc.

BUSINESS

Equities fall 8.4; gilts off 0.27

EQUITY dealers lowered prices of leading shares in a largely successful attempt to deter nervous selling. The market was concerned about the economic outlook at home and in the U.S. and the FT 30-Share index closed 8.4 down at 540.4.

DOLLAR closed up at DM 2.518 (DM 2.5), SwFr 2.1475 (SwFr 2.13) and Y262.1 (Y260.4). Trade weighted index was 122.7 (121.8). Page 24

STERLING fell 1.25c to \$1.7, but firmed to DM 4.285 (DM 4.28) and SwFr 3.655 (SwFr 3.65). Trade weighted index was 90.7 (91.1). Page 24

GOLD fell \$10 to \$336.5 in London. In New York, the Comex August close was \$335.5 (\$344.5). Page 21

COPPER prices fell sharply in London on speculative selling triggered by pessimism about the U.S. economy. Higher-grade cash copper was down \$36 at \$209.5. Page 21

WALL STREET was 4.95 down at 779.39 near the close. Page 22

JAPAN'S balance of payments surplus could grow sevenfold by the end of next year. Back Page

HUNGARY has increased fares and food prices sharply. Page 2

U.S. GOVERNMENT has reassured the EEC it does not consider the recent steel pact to be dead, said the EEC Industry Commissioner. Back Page

BANK OF CHINA, China's international bank is to pay HK\$1bn (£96.5m) for a new local headquarters site in central Hong Kong. Back Page

ITALY has imposed new controls on foreign-based subsidiaries of Italian companies. Page 2

ICI is investing £32m in its U.S. plastic film business. Page 6

CITIES SERVICE, U.S. oil company, sued Gulf Oil for \$1.9bn damages after Gulf dropped its \$2.9bn takeover bid. Back Page

DE LOREAN Belfast factory rescue consortium plans to make a new product alongside the sports cars. Page 5

AEG Telefunken 'unable to pay debts'

BY KEVIN DONE AND STEWART FLEMING IN FRANKFURT

AEG-TELEFUNKEN, the second-biggest West German electrical group with sales of DM 15bn (£3.5bn) annually, was forced yesterday to apply to the courts for a settlement with its creditors, which include banks holding at least DM 5bn of debts.

Early 1970s: AEG-Telefunken in financial trouble after nuclear power contract losses. Last dividend paid for 1973 business year. Management reshuffled.

September 1978: Siemens takes on nuclear losses, buys AEG stake in Kraftwerk-Union. Nuclear losses cumulatively reach about DM 1.2bn.

December 1979: West German banks in DM 1bn rescue, after Government refuses aid. AEG capital written down from DM 930m to DM 310m. Top management replaced.

Spring 1981: AEG searches for joint venture partners. Video deal signed with JVC, Thomson-Brandt and Thomson-Brandt.

September 1981: Link with Bosch in telecommunications.

October 1981: AEG seeks fresh bank support, writes off DM 340m loans.

Renegotiation likely on part of Mexico's private debts

BY ALAN FRIEDMAN

BANKERS INVOLVED in lending to Mexico were yesterday bracing themselves for the renegotiation of a significant part of the private sector Mexican debt which falls due in the next 12 months.

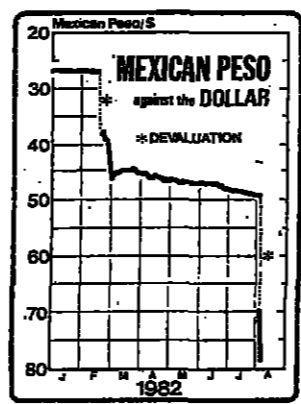
As much as half of the country's \$18bn to \$20bn of private sector debt is expected to fall due in this period. Bankers said yesterday that a sizable portion of this maturing debt may have to be renegotiated, following last week's introduction of a two-tier foreign exchange system.

Bankers are also of the opinion that Mexico may have to approach the International Monetary Fund in the next few months, if only to restore confidence to its lenders with an IMF seal of approval for its austerity measures.

Some companies will find themselves in a tighter situation than they were before, said Sr Gurria. But he said the government had received signs from banks that they were prepared to be "flexible."

Bankers should be relieved that the decision to introduce a two-tier system was taken, and that there is a rationalisation of the exchange rate and that we have built a buffer against the outflow of dollars from Mexico, he added.

The two-tier system, unprecedented in Mexico, was introduced last week because of currency speculation which involved a massive outflow of dollars. Mexico's public and private sector foreign debt totals \$80bn. The Mexican financial crisis has been compounded by what Sr Jesus Silva Herzog, the Finance Minister, last week



Health service strike patchy, says DHSS

BY DAVID GOODHART, LABOUR STAFF

THE FIRST of five days of planned intensive industrial action in the National Health Service yesterday produced only a patchy response from health workers, according to the Department of Health and Social Security.

The main health unions, the National Union of Public Employees and the Confederation of Health Service Employees and the Confederation of Health Service Employees said that with the majority of hospitals were reduced to accident and emergency cover.

The print union Sogat however last night called off plans for industrial action tomorrow in support of health workers which had been expected to halt national newspapers, after request from Cohn General Secretary Mr Albert Spanwick, Mr John Mitchell, secretary of Sogat's London machine branch, said.

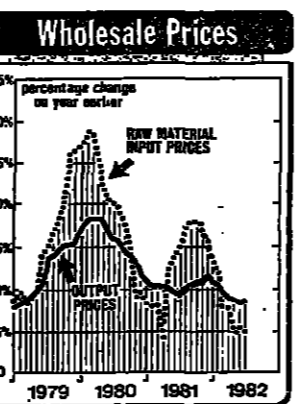
Rise in prices to industry slows

BY MAX WILKINSON

THE ANNUAL rate of increase of prices paid by industry for its supplies fell to 5 per cent last month, according to official figures issued yesterday.

The index for the wholesale price of materials and fuel bought by manufacturing industry rose by only 1 per cent between June and July to 244.7 (1975=100).

The wholesale price index for manufactured products rose 1 point from June to July to 241.1 (1975=100). The index rose by 3 per cent in the six months to July.



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Table of Contents listing various articles and their page numbers, including Radioactive waste, U.S. pharmaceuticals, Reaganomics, etc.

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EUROPEAN NEWS

Italy tightens rules for foreign bank holding companies

BY RUPERT CORNWELL IN ROME

IN THE wake of the disastrous Ambrosiano affair, the Italian Foreign Trade Ministry yesterday announced a tougher set of rules governing the establishment and operation of foreign-based financial holding companies controlled by Italian concerns.

Gunmen kill six in Paris Jewish quarter

By David White in Paris

GUNMEN ran amok in the main Jewish quarter of Paris, yesterday killing six people, apparently at random and injuring at least 22, nine of them seriously.

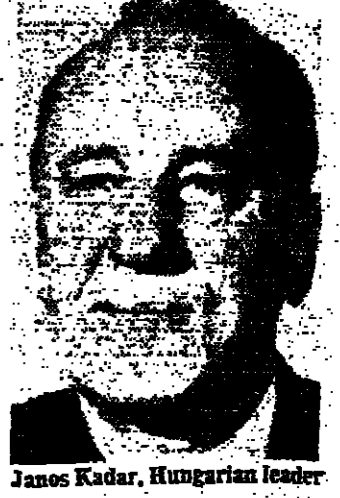
BID TO REDUCE STATE SUBSIDIES

Hungary brings in another price rise package

BY PAUL LENDVAI IN VIENNA

A PACKAGE of huge price increases—the third this year—came into force in Hungary yesterday in a bid to reduce state subsidies, mop up surplus purchasing power, and restore economic equilibrium.

January-June was up by 2 per cent on the same period last year, and the harvest prospects are said to be good. But at the same time, enterprise investments and private consumption were rising in contrast to the planned target.



János Kádár, Hungarian leader

Of bulls, Nato and pursuit of reconciliation

BY TOM BURNS, RECENTLY IN SANTANDER

MADRID, LIKE other southern European capitals, closes down for the summer. The capital's establishment, however, re-groups from late July through to mid-September in the somewhat incongruous setting of an ad hoc university.

After marriage in Madrid to the young Bourbon monarch, it seems the ideal location for a civilised exchange of views.

more people. It is a princely sum by Spanish higher education standards—all the more so since the Magdalena is not a university at all in the proper sense of the word.

invited for the Nato seminar sits down for breakfast with the firebrand feminist who runs the women's workshop debating abortion on demand.

Oil company claims spark row

By Fay Gjester in Oslo

AN OSLO lawyer's unfattering memorandum about the activities of foreign oil companies in Norway has stirred controversy. Its most contentious charges include: company harassment of trade union organisers; income tax evasion through funds being channelled to the companies for affiliates—under the guise of payment for services; collusion with foreign contracting companies to ignore Norwegian tax and employee protection rules; foreign bids for some important contracts are based on an understanding between the oil companies and the foreign contractor, which is promised supplementary payments in respect of "design changes" ordered by the former.

Pertini begins talks on new government

ROME — Sig Sandro Pertini, the Italian President, began talks with political leaders yesterday on the formation of a new government to succeed Sig Giovanni Spadolini's five-party coalition which fell last week.



Sandro Pertini

The 85-year-old head of state, forced to return to Rome from a holiday retreat in the Alpine foothills, is anxious to avoid plunging the country into elections which could bring economic chaos.

Alternatively, he might look to the dominant Christian Democratic Party and ask Sig Arnaldo Forlani, a former Premier, or Sig Flaminio Piccoli, party president, to try to form a new administration.

Officials say the crucial first round of contacts would establish whether there was any chance of reviving Spadolini's centre-left coalition, which ruled for 13 months until Saturday as Italy's 41st post-war government.

The Socialist Party accused Christian Democratic deputies, who they said represented vested interests, of sniping at coalition solidarity. They complained that Italy had become ungovernable.

Under the time-hallowed formula of Italian Government crises, Sr Pertini was consulting first with Sr Giuseppe Saragat and Sr Giovanni Leone, both former Presidents, then Speakers of the Senate and Lower House of Parliament, and finally with political party leaders.

The weekly news magazine L'Espresso said in an editorial the central issue in a new election campaign must be how to adjust the country's rusty institutional structures to the demands of a modern industrial state.

The initial contacts were expected to show whether the Christian Democrats and Socialists, main partners in Sr Spadolini's coalition, were prepared to submerge their personal and political feuds in a new alliance.

During the weekend, both employers' and union organisations joined the majority of political parties which oppose the dissolution of parliament before its 1984 deadline.

Mr Borens' former employer, Phillips Petroleum, says the allegations it contains are without foundation.

Mr Arne Rettedal, Minister of Labour, and previously mayor of Stavanger, Norway's oil capital, has dismissed it as "full of unsubstantiated allegations... not a serious piece of research."

Guinness plans redundancies

By Brendan Keenan in Dublin

GUINNESS IRELAND has won the approval of a majority of its workforce for a scheme to cut employment at its Dublin brewery by more than 40 per cent.

Under the scheme, 1,100 of the 2,500 employed at the famous St James's Gate brewery would lose their jobs.

The terms, however, are considered to be a general worker aged 57 getting a lump sum of almost £115,000 (£11,500) and a pension equivalent to two-thirds of salary.

Polish workers remain frustrated by the continued internment of Mr Lech Walesa, along with the repression of Solidarity, and by a severe economic squeeze that the Government admits will worsen.

Corsican autonomists share balance of power after poll

BY OUR PARIS STAFF

THE SURPRISINGLY strong show of support for the Corsican autonomist party, the UPC, in its first election test on Sunday, means that its candidates and an equal number from smaller parties hold the balance of power in the island's assembly.

Five lists representing different factions of the Left-Wing Radicalism (MRG), the Socialist Party showed its weakness on the island with a disappointing tally of four seats.

Stalemate in Albanian talks

VIENNA—Secret talks between West Germany and Albania on restoring relations frozen since the Second World War have reached a stalemate over Tirana's demands for substantial war reparations, according to diplomats on both sides.

They gathered speed following a statement by Mr Eover Hoxha, the Albanian President, last November that he saw no insurmountable difficulties to re-establishing relations between his hermit-like country and Bonn.

Addressing the Albanian Communist Party congress in Tirana, the 73-year-old leader said he believed the two sides could agree on reparations for damage and deaths caused by German forces occupying Albania after the Italians surrendered in 1943.

The pilgrims, carrying flags and banners left Warsaw on Friday in searing heat for the 172-mile walk to the southern Polish city, site of the Jasna Gora (Mountain of Light) monastery.

The Roman Catholic daily Slowo Powszechnie reported an official total of 38,000 people registered for the pilgrimage, but about 30,000 to 32,000 started the march.

Short-time for Volkswagen

Volkswagen, West Germany's biggest car maker, plans to introduce short-time working at its domestic car plants for the first time since 1975 because of a fall in sales, an official for the company said, Reuter reports from Wolfsburg.

Volkswagen is to discuss with worker representatives the partial shut-down of car production at two plants for two weeks in September and October. About half its 58,000 workforce at Wolfsburg and more than half its 9,500 workers at Emden could be affected.

Shipping lock go-ahead

Construction of what is believed to be the world's biggest shipping lock is expected to start soon, following approval by the Belgian Government for an initial expenditure of Bfr 1.3bn (about £15m) on the project, AP reports from Antwerp. The lock is expected to be operational by 1986, at the northern entrance to the port of Antwerp.

Norwegian jobless up

Norway's unemployment rate rose to 2 per cent of total labour force last month, up from 1.5 per cent in July last year, according to the Government's labour agency, AP reports from Oslo. By the end of July this year, 33,986 people were registered as unemployed.

The author of the memorandum, Mr T. G. Borgen, worked for a foreign oil company—Phillips—in an executive capacity until a year ago.

He was asked by the organisers of a State-backed research project—"Safety on the Shelf"—to record his thoughts about how State regulations for oil activities work in practice.

Mr Borgen emphasises that his work is not a deeply-researched report into the state of affairs on Norway's shelf—simply a list of some problems.

The memorandum comments on the oil companies' practice of wooing influential contacts—civil servants and politicians—with lavish meals, salmon fishing trips, and other luxuries.

Trade union officials on the other hand, say the memorandum simply confirms what they have been saying for years about foreign oil company attitudes. The chairman of Nofep, the oil workers' union affiliated to Norway's TUC, said this was "yet another argument in favour of nationalising the oil industry."

A conservative business newspaper, the Oslo Journal of Commerce and Shipping, thinks Mr Borgen's ideas merit careful official study—particularly the allegation that offshore contracts are sometimes steered to the oil companies' foreign affiliates.

The bouquet laid in the stillness of dawn symbolises Polish resistance

BY LESLIE COLT IN WARSAW

EARLY each morning a Warsaw citizen carefully lays a bouquet of flowers in Victory Square and begins to recreate a 40 ft long cross of flowers removed during the night by the security police. In the course of the day thousands of fellow Poles visit the spot, add flowers, light candles and sing hymns and patriotic songs.

It is small wonder that the Polish military Government has readily agreed to the Episcopate's wish to allow a commemorative plaque to be placed in the Square in the hope the cross will then disappear. It took a Romanian tour guide to bring home the significance of the cross's daily resurrection.

The great floral cross in the centre of Warsaw marks the spot where the coffin of Cardinal Stefan Wyszyński, the late Polish primate, lay in state more than a year ago and where Pope John Paul II said mass in 1979. It has become the opposition's most powerful symbol of resistance to the military government under General Wojciech Jaruzelski.

Located halfway between the Tomb of the Unknown Soldier and the headquarters of Warsaw Military District, the cross attracts far more Poles than either. It is a constant reminder to the authorities of where Polish sympathies lie.

Yet another sign of resistance to martial law was worn by embittered young people at last Sunday's Solidarity ceremony marking the Katyn massacre of 4,000 Polish officers, which most Poles are convinced was perpetrated by the Soviets.

A censored Polish magazine carries the results of a survey of university students showing that while they may be stepping in Polish battle lore they know virtually nothing of "People's Poland"—Communist rule since the war. Even the muzzled Press is more frank than in most Communist countries.

WARSAW — The number of pilgrims marching to the Polish shrine of Czestochowa has swollen to 50,000 as thousands join the group along the route of the nine-day walk, AP reports.

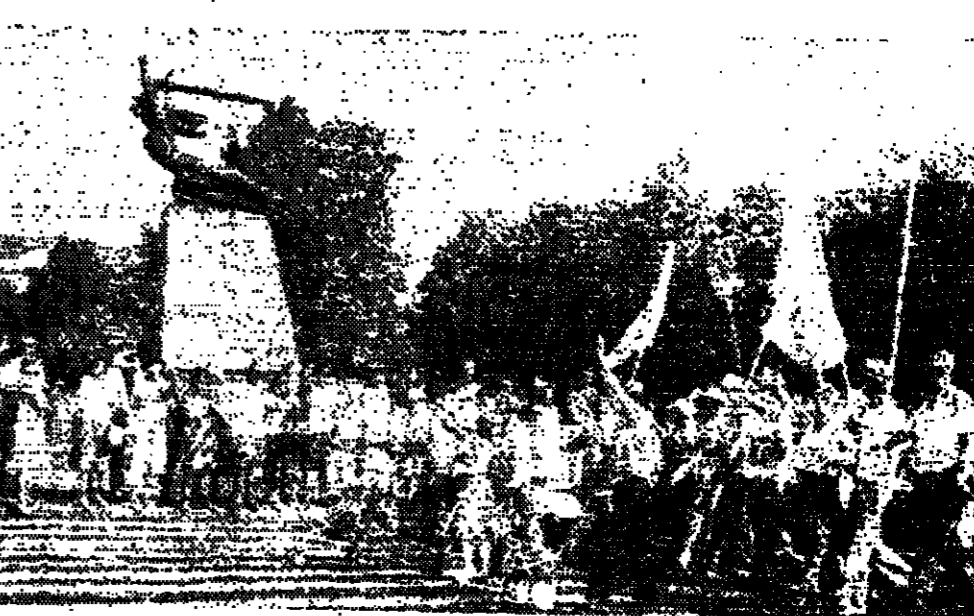
The pilgrimage is to arrive on Saturday when the Roman Catholic Primate is expected to deliver a homily at ceremonies marking the 60th anniversary of the arrival in Poland of a portrait of Our Lady, the Polish Church's holiest icon.

The Pope, former Cardinal of Krakow, had hoped to attend church ceremonies on August 26 marking the anniversary. The pilgrimage normally arrives in Czestochowa on the 14th since both August 15 and 26 are holy days for Saint Mary.

Among the marchers who set out on Friday were groups from Italy, Hungary and France. The Roman Catholic daily Slowo Powszechnie reported an official total of 38,000 people registered for the pilgrimage, but about 30,000 to 32,000 started the march.

Other young men such as Mr Zbigniew Bukaj, head of Solidarity in the Warsaw region, who has been hunted by the security forces since December 13, have called for peaceful demonstrations to take place later this month commemorating Solidarity's birth in the Lenin Shipyard two years ago.

Much will depend on whether the splintered union movement can organise itself at a time when the security police will be detaining every suspected Solidarity organiser.



their churches to mark the Miracle of the Vistula, the defeat in 1920 of the new Soviet Red Army by Polish forces. The Government fears they could carry their fervour into the streets as happened in months past.

OVERSEAS NEWS

Pretoria to issue policy statement on police conduct

BY BERNARD SIMON IN JOHANNESBURG

THE South African Government will shortly issue a "clear-cut" policy statement on the treatment of security detainees, Mr Louis le Grange, the Minister of Law and Order, said yesterday.

Mr le Grange's statement follows the public outcry over the death in detention over the weekend of Mr Ernest Dipale. According to the police, Mr Dipale hanged himself with a blanket in his cell at John Vorster Square, Johannesburg's police headquarters.

Mr le Grange said the policy statement would not be embodied in a law, nor would it be a formal code of conduct. It would set out the "way we will endeavour to handle all people whom we detain in terms of security legislation."

The minister conceded the police were not "absolutely blameless" in the deaths of some security detainees, about 50 of whom have died in police custody over the past 20 years. Mr le Grange, speaking at a lunch yesterday hosted by the Foreign Correspondents Association, said his department's police methods were similar to those used in many Western countries.

Cairo sees new role for PLO in Mideast

By Francis Matthew in Cairo

EGYPT HOPES to see a reshaping of Middle East diplomacy as a result of Israel's invasion of Lebanon, with an enhanced position for the Palestine Liberation Organisation.

During the long siege of Beirut the U.S. has been anxiously seeking countries willing to accept the PLO guerrillas once they leave Beirut. Egypt agreed to take some, but only if the U.S. gave a clear statement of support for a Palestinian homeland.

That position has now softened to a more general insistence on linking evacuation to a comprehensive settlement. But it is unlikely that if a ship full of PLO guerrillas arrived in Alexandria they would be turned away even if the U.S. had not given the required statement.

Mr Kamal Hassan Ali, the Foreign Minister, yesterday told the newspaper *Maya* that Egypt would take "some" of the 6,000 guerrillas as part of a general settlement. Mr Butros Ghali, Foreign Affairs Minister, has mentioned the figure of 2,000.

PLO units in Egypt will not be allowed to carry out military activity, which would be forbidden under the peace treaty with Israel. They will initially be housed in a military camp near Alexandria.

Egyptian officials said that the future of the Ain Jallut force of the Palestine Liberation Army (PLA) is still not clear. The 400-strong group is part of the PLO's regular forces and was based in Suez until 1976, when it was sent to the Lebanon during the civil war.

Egypt's anger with Washington's policies in Lebanon and its steady support for Israel were indicated by Field Marshal Abu Ghazala, the Defence Minister, this week who hinted at a reduction in military co-operation with the U.S.

Egypt did not turn to the U.S. for help with her UN resolution but asked the French instead. The Franco-Egyptian resolution affirms Israel's right to exist behind secure and recognised boundaries, and also affirms the "self-determination" with all its implications.

Tony Hawkins in Harare looks at Prime Minister Mugabe's battle with the courts Zimbabwe suffers a self-inflicted crisis

THE PAST month has been one of the most difficult for Mr Robert Mugabe, Zimbabwe's Prime Minister, since taking office in April 1980. While some of his problems are not of his own making—the world recession and the aftermath of the severe 1981-82 drought—some certainly are self-inflicted.

The confrontation with the Judiciary over the continued detention of two white farmers who have three times been released by the courts was surely avoidable. Yet, last week, the Attorney General told a High Court judge that, irrespective of what the courts may decide, "the executive is not going to release them."

Diplomats, both from non-aligned and Western countries, have been urging caution on Mr Mugabe not just in the conflict with the courts but in the wider issue of deteriorating relations with Mr Joshua Nkomo's Zanu party.

But, last week, the Prime Minister adopted a harsh line against Mr Nkomo, whose supporters are blamed by the government for the outbreak of violence and robbery in Matabeleland. Warning Parliament that the Government might be forced into "extra-legal measures" Mr Mugabe added: "We may demand two ears for one ear and two eyes for one eye."

This statement was interpreted not just as a warning to Zanu that the Government's patience was close to exhaustion, but also as support for hardliners in Cabinet, including Dr Herbert Ushewokunze, the Home Affairs minister, who have come out against the courts for being unduly lenient on persons accused of security offences.

It is true that the Government has had some severe setbacks in the courts. The release of the York brothers (since re-arrested) was closely followed by a court judgment declaring the order detaining a Republic

Front MP, Mr Wally Stuttaford, to have been illegal. Extra-legal measures are already contemplated in the decision to re-introduce emergency powers, originally adopted by Mr Ian Smith's Government in the 1970s, precluding legal action against the police, army and prison service.

At the heart of the legal crisis is the Government's belief that its opponents are determined to undermine it. The abduction of the six white tourists near Bulawayo a fortnight ago was the first overt sign that the 2,000 or so Ndebele dissidents—who profess loyalty to Mr Joshua Nkomo—were politically inspired. Hitherto, their conduct had been random criminal activities—mainly robbery with violence. But the ransom note at the time of the kidnapping, significantly signed "Zipra forces" demanded political concessions.

This was followed 48 hours later by the obviously well-planned and apparently successful sabotage attack on Thornhill aircraft base, in which at least five aircraft were destroyed and an unknown number severely damaged. The immediate assumption was to link the attack with Zipra but the very sophistication of the weapons used has fuelled speculation that it was the work of disgruntled whites.

With an estimated 1,500 troops and police searching for the kidnap gang in Western Zimbabwe, Mr Mugabe could have done without apparently totally unrelated gangster activity in the Nyanga tourist district far to the east. Three young Britons were murdered by unknown gunmen some time last month and in the past 10 days two white farmers have been killed by gangs.

These incidents are understandably having a major impact not just on the tourist trade, which is experiencing many cancellations, but also on



Mugabe... a difficult month

white morale (in particular) and on the morale of that vitally important element in the white minority—the 5,700 commercial farmers, who produce 85 per cent of the country's marketed agricultural output.

The fact that at the annual Commercial Farmers Union congress last month, ministers spoke about the security position behind closed doors was reminiscent of wartime conditions. Not that anyone is suggesting that there has been so serious a deterioration. But, clearly, it is a major disappointment after the radical change for the better in the security position last year.

Far more serious than the bandy is the political confrontation between the majority Zanu-PF and Mr Nkomo's minority Zapu. The Ndebele leader has publicly disowned the insurgents and this week met the Prime Minister to discuss a "common approach." While Mr Nkomo seemed pleased with the response, the Prime Minister's office issued a chilly statement noting that the meeting had taken place at Mr Nkomo's request and that, having listened to Mr Nkomo, Mr Mugabe had told him what he

should do. The meeting served to dampen speculation that a ban on Zanu and the arrest of its leadership might not be far away—speculation that owed much to statements by ministers, including one by Mr Mugabe himself who told his supporters that Mr Nkomo would be dealt with "strongly."

Further reassurance came from the Prime Minister himself who, this week, ruled out a one party state during the life of the present parliament which ends, at the latest, in February 1985.

Underpinning the bad political news has been a sharp deterioration in the economy. After two years of abnormal economic growth, when real output increased by an average of 13.5 per cent a year, there has been a marked slowdown. Industrial output, which grew 10 per cent last year was flat in the first quarter of 1982. Mining and agricultural production will be materially lower than last year.

Exports fell nearly 10 per cent in the first quarter while imports were up more than 17 per cent. As a result the trade deficit for the first quarter was almost as large as in the entire year in 1981.

The balance of payments deficit, which rose more than 150 per cent last year, will grow by a further 25 per cent in 1982. Major employers in mining and manufacturing have been warning that without state assistance major layoffs might be necessary. To avoid this, Dr Bernard Chidzero, the Finance Minister, provided aid of Z\$50m (£38m) to maintain output and employment.

Business morale was boosted by what is widely regarded as a fiscally conservative and realistic budget, but just as this was being digested came the news of a further 9 per cent reduction in import allocations taking the total cut in the past year to more than 22 per cent.

A key snag is working out just what the Government is thinking—be it in the political or economic field. Minutes before Dr Chidzero introduced his pro-business budget, the Prime Minister was on his feet castigating capitalism as an evil "if totally incompatible with humanism and the morality of an equal society." In the budget debate, the Finance Minister has earned the plaudits of the white opposition, but his measures have come under fire from his own party.

The business community is hoping that Mr Mugabe will keep his cool with Zanu and accept at face value Mr Nkomo's inability to control his young henchmen. At the same time Zimbabwe needs a compromise solution to the looming confrontation between the courts and the executive over human rights. If these two problems can be overcome, then the bad patch of recent weeks may turn out to be nothing more than just that—a spell of bad luck that afflicts any administration.

Precisely where the balance now lies in government is not clear. On the one hand, the militants are thirsting after a showdown with Zanu while the moderates, like Mr Mugabe, are looking to a one-party state after the next elections. On the other, the realism of economic pragmatists, like Dr Chidzero, contrasts starkly with the overblown optimism of some ministers and the ideologues.

It is clear, however, that Zimbabwe will continue to face an uphill battle in convincing investors and bankers that its teething troubles are over. Dr Chidzero was talking in the budget of a detailed statement of investment procedures which he hoped would attract hitherto elusive foreign private capital, but it is going to take more than that to do the trick. The budget was on the right track and it would be a pity if it were to be derailed by political developments.

Bangkok plans to develop eastern seaboard

BY JONATHAN SHARP IN BANGKOK

A PANEL of foreign and Thai consultants has forecast that industrial investment would account for more than two-thirds of the amount, with the rest required for infrastructural development.

The report envisages a variety of heavy industries plus two deepwater ports to be located on a wedge of land jutting into the Gulf of Thailand. An important aim of the project is to stem the growth of

overcrowded Bangkok by establishing an alternative industrial and urban base.

Central to these plans has been the discovery and development of offshore natural gas, which is seen as a major source of energy for the project.

The report, which was published last week, said that as development of the project proceeded it would become an increasingly powerful "magnet for growth." But the early omens for this planned industrial base have not all been favourable. Talks between the Thai Government and a Swedish consortium to build a fertilizer plant along the eastern seaboard as part of the larger project broke down earlier this month.

Sabah pins its 'space age' hopes on offshore gas

BY DAVID DODWELL IN LABUAN

WHEN in 1846 the Sultan of Brunei first ceded the north Borneo island of Labuan to the British businessman and adventurer Raja Sir James Brooke, there were great hopes for the island's future as a coal port and trading post. It took 30 years for the British to abandon their high hopes for the island.

But now, more than a century later, and as part of the East Malaysian state of Sabah, there are once again grand plans for the development of Labuan. As the home of Sabah's chief minister, Datuk Harris Salleh, and as the nearest landfall for large gas fields off the Sabah coast, Labuan is to be the catalyst for industrial development in a state still thick with tropical jungle and inhabited by forest tribespeople.

"The industries we're setting up here are going to lift our state out of the Bronze Age and into the Space Age in just a couple of decades," says a prominent local politician.

Linked with major investments to bring natural gas offshore from the Erwest and Samarang oil and gas fields more than 80 miles out to sea, a sponge iron plant and a methanol and power project are already under construction. These projects alone are likely to cost \$1bn (£584.8m).

Already, Labuan has the air of a boom town, with housing estates mushrooming in all directions and limousines clogging the narrow streets. The population has doubled to 35,000 with a further 10,000 military personnel at the nearby army, air and naval bases. Local businessmen and politicians claim Labuan was a neglected ghost town until Datuk Harris and his Berjaya Party came to power in Sabah in 1976.

This is partly true, in that the island could never have hoped to attract such substantial resources if it had not been the chief minister's home town.

However, Labuan has always had a distinctive and cosmopolitan air. It is still dominated by logging and the export of tropical hardwoods. It has been a free port for a long time and, as such, is the home of a bustling \$40m a year barter trade between mainland China and the southern Philippine cities of Zamboanga and Holo.

Datuk Harris Salleh reacts sharply to suggestions that Labuan has boomed because of his personal influence and patronage.

"Look at where the gas fields are, and tell me where else you would have set up Sabah's new industries," he says. His return has some weight, since the only viable alternative would have been Kota Kinabalu, the state capital, about 100 miles east along the coast. But now the decision has been made, Labuan seems set for rapid development. Already, a large flour and feed mill is in operation, supplying both Sabah and Sarawak. Labuan is never likely to become a Singapore or Hong Kong. Nor are Sabah's modest oil and gas reserves likely to give it the wealth of the Gulf states, but Labuan has a critical part to play in the state's modernisation plans. Whereas the prospect of coal over a century ago merely tantalised, natural gas has laid a foundation for solid growth. After all his frustrations and disappointments, Raja Brooke would have been gratified to learn he was not completely mistaken about the potential of the island.

India and Fiji in clash over political funds

BY DAI HAYWARD IN SUVA

RELATIONS between India and Fiji have deteriorated to their lowest level for many years, following allegations by Fiji's Prime Minister, Ratu Sir Kamalaseva Mara, that a former Indian High Commissioner had become involved in local politics.

Indian and Fijian officials in Suva both say the Indian Prime Minister, Mrs Indira Gandhi, has cancelled her visit to the Commonwealth Heads of Government meeting in Suva in October because of the

allegations. These include allegations by Ratu Mara that Fiji's opposition party received funds indirectly from the Soviet Union in last month's general election campaign. Ratu Mara alleged that the Indian High Commissioner in Sydney, Australia, and in Suva had been involved in helping to pass the money to the National Federation Party. The Indian Government has denied the allegations, describing them as "mischievous and defamatory."

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AMERICAN NEWS

U.S. tax cut plan too ambitious, Baldrige says

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR MALCOLM BALDRIGE, the U.S. Commerce Secretary, has again stepped out of line with the Reagan administration by suggesting that the \$550bn (£200bn) tax cut planned last year was too large.

The 25 per cent cut in personal taxation, spread over three years, was regarded by President Ronald Reagan as one of the cornerstones of his economic policy—and he has since complained that Congress did not allow him the full 30 per cent he had asked for.

Mr Baldrige, however, said at the week-end that mounting budget deficits, and the Administration's support for a \$100bn increase in indirect and business taxes, "certainly implies that if we had to do this all over again we would have asked for less of a tax decrease last year."

The bill to increase taxes currently under consideration in Congress was a "mid-term correction" in Mr Reagan's economic policy, Mr Baldrige said. Mr Reagan has postponed a holiday at his California mountain-top ranch to lobby for the bill, in the face of a serious rebellion by Republican "supply side" economic conservatives, who were once his closest allies.

Last week Mr Baldrige became the first member of Mr Reagan's cabinet to go public with a prediction that the fiscal 1983 budget deficit would be \$20bn to \$30bn higher than the Administration's official mid-year forecast of \$115bn.

His estimate, which many administration officials would privately agree, put the deficit nearer the \$140bn to \$160bn predicted by the independent Congressional Budget Office and many private economists.

UN group on slavery meeting hears evidence

GENEVA—Five pesos (\$3.50) is the going rate for Haitians captured and sold to the sugar mills in neighbouring Dominican Republic, a UN group on slavery was told yesterday.

The London-based Anti-Slavery Society—the world's oldest human rights organisation—said allegations of the sale of Haitians were continuing. "A 10-year-old boy was captured and sold to a sugar mill. Five pesos was reportedly the price of captives last year in the border town of Padernales," the society said in a report to the UN group, which began a week-long meeting yesterday.

The UN body is being urged by one of its members, British human rights campaigner Ben Whitaker, to take urgent action to free and help rehabilitate millions of slaves around the world.

He said age-old forms of slavery had been replaced by new forms of servitude and gross exploitation. Listing these as the sale of women and children, forced marriage, prostitution, child labour, and debt bondage, he called on the UN to provide legal and educational advice for ending these practices and funds to help freed slaves.

The anti-slavery society's reports specially attacked India, Brazil, and the Dominican Republic. Some 97 nations have signed an international convention to eradicate all forms of slavery.

Hollywood bids for pay TV deal

THE LARGE Hollywood studios are again trying to penetrate the fast-growing and lucrative U.S. pay television cable business with a deal which would give three of the country's leading motion picture companies a direct equity in pay television.

The deal, expected to be announced shortly, would give Paramount Pictures, Universal Studios and Warner Brothers a 25 per cent stake each in the so-called pay television service "Movie Channel" owned by Warner-Amex, the joint cable

venture between Warner Communications and American Express. The three studios would thus be able to participate directly in the pay television business, which is currently dominated by Home Box Office (HBO), the pay service owned by the Time Inc conglomerate.

In turn, the deal, which would strengthen Warner-Amex's access to new motion pictures, would help Warner-Amex's "Movie Channel" pay service compete more aggressively against HBO, which has 11m subscribers compared to the

Reagan's federalism plan faces setback

By Anatole Kaletsky in Washington

U.S. State governors have dealt a possibly fatal blow to what President Ronald Reagan regards as his most important domestic policy initiative, the "new federalism" plan for shifting Government programmes from federal to state level.

At its annual meeting in Afton, Oklahoma, over the weekend, the National Governors' Association decided to submit its own plan for federalism directly to Congress, sidestepping the President's plan, which has been judged unacceptable because it would allow the federal government to disown much of its present responsibility for assisting the poor.

The governors' executive committee, which has been locked in negotiations with the White House for months, said its plan, unveiled by President Reagan, would allow states to vote unanimously to draw up their own proposals for expressing intense frustration with the attitudes of Administration officials.

Mr David Stockman, the White House Budget director, came in for particular criticism from governors of both parties. One governor said Mr Stockman had "tunnel vision" about exploiting the federalism initiative to shift the costs of government on to the states.

The governors' chairman, Richard Snelling of Vermont, said there was little chance of any agreement between the Reagan Administration and the states because of the Administration's refusal to accept that the maintenance of a "decent" minimum standards for health and incomes was a federal responsibility.

State leaders from even the traditionally conservative parts of the country have opposed President Reagan's attempt to dispense with all federal standards of income-maintenance for the poor.

Although they may support the President's anti-inflation stance ideologically, they are concerned about any reform that would cut the flow of federal money to their states. The governors were also warned that they could face enormous new costs if a constitutional amendment requiring the Federal Government to balance its budget was passed.

Mr James Jones, chairman of the House of Representatives budget committee, said that the amendment, which was approved last week by the Senate, could be pushed through the house "even though the majority of House members recognise the hypocrisy and folly of the proposal."

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WORLD TRADE NEWS

ECGD likely to back Tokyo loan

BY RICHARD HANSON IN TOKYO

BRITAIN'S Export Credits Guarantee Department is expected to guarantee a ¥60bn (£138m) loan extended by a consortium of Japanese banks as part of the financial package accompanying a bid by Davy McKee to supply steel plant to the Philippines.

Apart from being the first ECGD guaranteed yen loan, the proposed credit would also be the largest since yen-denominated loan ever extended to an overseas borrower by Japanese banks.

An additional ¥60bn-worth of financing could be extended to cover phases two and three of the Philippines steel contract if Davy McKee is successful in winning the bid.

Davy McKee is the leader of one of several international consortiums seeking to win a contract to build a 1.5m tons integrated steel plant for the National Steel Corporation of the Philippines. The entire project is expected to cost around ¥270bn.

If the consortium headed by Davy McKee is successful a substantial amount of equipment procurement may be placed in Japan. Japanese members of the consortium are likely to include Kobe Steel and the general trading company C. Itoh and Co.

To make the bid possible, Lazards Brothers, the British merchant bank, has been successful in winning agreement in Tokyo from Japanese banks for the yen loans. A precise breakdown of the yen credits being discussed was however, not available.

Yen export credits to finance British exports were made possible in May, when the two governments reached an agreement. The Japanese authorities have a similar arrangement in the works with the U.S. Export-Import Bank.

Competition for the Philippine steel project appears to be intense. Apart from the Davy McKee-C. Itoh group, there is expected to be at least one other all Japanese bidder.

Concern over Saudi move on LPG prices

BY RICHARD JOHNS

SAUDI ARABIA'S customers for Liquefied Petroleum Gas—propane and butane—are concerned about the clear notice given last week of the government's intention to tie prices in future to Arabian light crude oil on a thermal basis.

Clarification will be sought by the four U.S. major oil companies with a stake in Saudi Arabia, Exxon, Social, Texaco and Mobil, when their representatives meet Dr Abdulhady Taher, Governor of Petroleum, the state oil corporation, in New York today.

The current Saudi price is \$25 a ton for propane and \$23 for butane, giving an average in the usual contract sales package of about \$240—

about 85 per cent in terms of BTU thermal parity. Putting it on an equivalent basis with Arabian Light would give a new price of \$225.

There was sufficient ambiguity in the message sent on August 5, which does not refer specifically to "full" parity, to suggest that the indexation might be open to debate and discussion, however.

Objections to linkage are based largely on the fact that demand for LPG fluctuates far

more widely than for any other fuel in the short-term and its price has, as a result, been relatively volatile compared with crude oil. Last year witnessed a large drop in the price of LPG.

The Saudi move was not unexpected. It was known to be under serious consideration by the special committee set up by Petromin a year ago under Mr Abdul Aziz Turki, Deputy Minister of Oil, to consider the question of the pricing of LPG.

The text sent to customers by Dr Taher also implies that Petromin may charge more than the equivalent on a thermal basis of Arabian Light for LPG.

It says that customers will have the right to decrease quantities if the price is

increased to a level exceeding 100 per cent of BTU equivalent of the posted price of Arabian Light.

The four companies are also anxious about the fact that Petromin wants to assume the power under proposed changes to contract terms to cut deliveries by cancelling phase-out clauses.

Petromin's message calls for customers to say how much LPG they will require and over what period—with a maximum duration of contracts of 10 years rather than the present 4-5 years.

The implication is that the price linkage to Arabian Light crude on a thermal basis would come into force from the beginning of next year.

Indonesia concludes \$74m barter agreement

JAKARTA—Indonesia has concluded one of its first counter-trade barter agreements worth \$127.6m (£74m), with 10 foreign fertilizer suppliers, the Indonesian Ministry of Trade said.

The 10 companies, who tendered for 977,000 tonnes of fertilizer, received their letters of award this month.

Indonesia's counter-trade policy, introduced last January, stipulates that suppliers on Government contracts must import Indonesian non-oil and gas products to the equivalent value of the materials they bring into Indonesia.

The 10 companies complying with the regulations on the fertilizer contract were named as Danubank of Romania; Fred Laker and Co of West Germany; Kook Inter-national of Singapore; three U.S. companies, International Commodities Export Trading Company, Amitrax Corporation, and Sagita International; Kall Bergbau GDR; Haritono of Singapore; Japan's Higashikuni Corporation; and Woodward Dickerson of Singapore.

Reuter

NZ, Indian deals for Elkem

By Fay Gjester in Oslo

THE ENGINEERING division of Elkem, the Norwegian metal smelting and chemicals group, has won two contracts—with India and New Zealand.

The deal with New Zealand covers the supply to New Zealand Steel Development of two pig-iron furnaces, with a combined output capacity of 325,000 tonnes a year.

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Rise in coal demand seen

BY SUE CAMERON, CHEMICALS CORRESPONDENT

WORLD DEMAND for steam coal will increase over the next few years as more and more electricity is generated in coal-fired power stations, according to forecasts in a report by Sheppard and Chase, a City-based firm of stockbrokers and analysts.

The report says new coal-fired power stations are now being built while oil-fired stations are being converted to coal. This will ensure "further increases in demand in the medium term," although total world demand for steam coal in 1982 is predicted to stay at 1981 levels.

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Swedish car sales revive

BY WILLIAM DULLFORCE IN STOCKHOLM

CAR SALES in Sweden are recovering after two years of sharp decline. In the first seven months of this year 121,236 new cars were registered, 13.6 per cent more than in the corresponding period of 1981, according to figures released by the Car Industry Association.

The field is led by the domestic manufacturers, Volvo and Saab, who between them supplied 40 per cent of the new cars sold.

The Volvo 300 models are at the top with 25,374 registrations while Saab sold 11,768 of its 900 range, the smaller Volvo 300S, built in the Netherlands, took third place.

The Volkswagen/Audi group, for which Saab-Scania acts as agent, remained the third largest supplier to the Swedish market, with 12,33 per cent.

Canada reopens debate on U.S. trade links

BY RICHARD MACKIE IN TORONTO

THE CANADIAN Government's decision to seek participation in the consortium developing the Airbus A320 aircraft has reopened the debate over whether Canada should shift much of its trade from the U.S. to Europe and has resurrected regional antagonisms over the placing of aerospace industry contracts in Canada.

It has also contributed to the controversy over whether Air Canada, a state-owned corporation which is Canada's major airline, should be allowed to operate as a private company or should be used as an instrument of government policy.

The option of shipping a substantial portion of Canada's trade from the U.S. to Europe was vocally promoted by Mr Pierre Trudeau early in his 14-year career as Prime Minister.

He argued that Canada could not have independent cultural policies or its own foreign affairs stance while so much of its economy was tied to the U.S. This has been a major argument behind such policies as embodied in the Foreign Investment Review Act and the National Energy Programme, which are designed to discourage foreign—especially U.S.—ownership of industry in general and of petroleum companies in particular.

However, most of Canada's historic trade ties are with the U.S. Its proximity and the similarity of its people make it difficult to break these ties.

Even when Canadians take over companies formerly owned by Americans, they often end up trading with the U.S. As a result, about 70 per cent of Canada's trade remains with the U.S.—a slight increase since Mr Trudeau became Prime Minister.

The Government sees participation in the European Airbus consortium as a way to try to loosen these ties.

Canada has a sophisticated aerospace industry which last year employed 42,000 workers and had exports of C\$30n (£1.5bn). Much of this was under sub-contracts from U.S. aerospace companies such as Boeing of Seattle, which is expected to develop a competitor for the A320 and which has been discussing Canadian participation in its new aircraft.

Mr Pierre de Barre, the Canadian Minister of State for Foreign Affairs, argues that the Airbus project would be advantageous for Canada because it would come off the assembly line sooner and because it would give Canada participation in what he claims is "one of the greatest success stories in marketing in recent years."

It would also help a state-owned corporation, Toronto-based de Havilland Aircraft of Canada, which is the Canadian representative in the talks with Airbus. De Havilland's strength lies in building commuter aircraft, but Mr John Sandford, its president, says an agreement with Airbus would allow the company to diversify its base.

The Liberal Party's Quebec caucus enthusiastically supports participation in Airbus because Quebec has been promised a \$500m aircraft plant and up to 2,000 aerospace jobs if the project goes ahead. However, English-speaking western Canada, particularly the Winnipeg area, is angry at what it sees as another example of the Liberal Government transferring jobs from it to French Canada.

Winnipeg has traditionally been a major aerospace centre, although in the past the Federal Government has transferred plants such as maintenance centres from there to Montreal. There are still several plants in Winnipeg, including two operated by Boeing, where over the past eight months, 250

people have been laid off, reducing the workforce to 325.

Job creation is a major political issue in Canada and the Liberal Party, which has only two members of parliament from western Canada, has little to lose by shifting jobs to Quebec.

But the Liberal Party could still lose politically if it were seen to be interfering with the operations of Air Canada. The airline has a record for safety and efficiency which has earned it a high level of public trust.

In the 1950s, it bought two British-made Vickers Viscounts and the Vancouver. Since then it has bought all its aircraft from U.S. companies including Boeing, McDonnell-Douglas, which has a plant in Toronto, and Lockheed, which also has operations in Canada.

In total, Air Canada has bought 46 Boeing aircraft, ordered a dozen new 787s and has options for 18 more. Canada's second largest airline, CP Air, a unit of Canadian

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Anatole Kaletsky in Washington assesses Mr. Martin Feldstein's likely impact on the U.S. economics team

Reaganomics recruits a heavyweight with a reputation to risk

THE REAGAN Administration at last has an economist who will be able to risk his reputation in the pending Reaganomics. Mr Martin Feldstein, the Harvard University professor whom President Reagan nominated on Friday to be chairman of his Council of Economic Advisers, will be the first economist who has any substantial academic reputation to risk to associate himself with the Reaganomics experiment.

As one of Mr Feldstein's Harvard colleagues put it over the weekend: "This appointment brings into the Administration a much higher level of capability than they have had so far. He is a vastly more talented person than any economist they've had."

To understand the possible significance of Mr Feldstein's appointment, it must be appreciated how low the Reagan Administration economics has sunk in the academic community's estimation. The Reagan economic advisers so far have mostly been either narrow specialists in fields with limited relevance to the broad macroeconomic crises which the Administration has faced, or have been so opinionated in their previous academic work that only other economists who shared their preconceptions took their researches seriously.

Although Mr Feldstein freely admits to being a conservative and has provided some of the most consistent empirical and theoretical justification for reduction in taxes and social spending, he is fully accepted by the mainstream of American economists as an honoured member of their fraternity.

Indeed this point has apparently been high in the minds of President Reagan's political advisers in choosing Mr Feldstein. White House officials have said they concluded that the President was badly served by a collection of "theoricians" with narrow and incompatible views, who reduced instead of enhancing the credibility of economic policy. A widely respected and less ideological voice was needed, they said, about Mr Feldstein's appointment.

On the other hand, Mr Feldstein will have to live with the suspicion of some headline con-

servatives in the White House who are concerned about the high reputation he earned as a moderate Keynesian economist during his four years at Oxford in the 1960s and in his early days at Harvard.

The fascinating question about Mr Feldstein's appointment is whether he will content himself with a role as apologist and occasional scapegoat for Reaganomics in its present form, or whether he will press for a bigger share in the formulation of economic policy than that

New product plan by group in De Lorean bid

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE British consortium which hopes to acquire the De Lorean Motor factory in Belfast from the receivers will introduce a new product to be made alongside the sports cars, Sir Kenneth Cork, one of the joint receivers, said yesterday.

The three-strong consortium has been in urgent talks with a merchant bank about the new product, which would be less susceptible to seasonal demand fluctuations as the cars, he added.

Sir Kenneth spoke at Heathrow before travelling to New York with his partner Mr Paul Shewell for discussions with Mr John De Lorean.

He refused to name the partners in the consortium and gave no details about the new product, which he said would need separate tooling.

"At the outset the workforce would be fairly small. But I would expect it to build up to about 1,500 after two years."

The receivers were expected to tell Mr De Lorean last night that his proposed rescue must remain in the background while the British consortium was still in the running.

Sir Kenneth said in London: "Mr De Lorean now says he has the finance and I want to see the evidence. I estimate he needs about £15m for the UK end of the operations plus between £4m and £5m for the sales organisation in the States."

County Council Labour leader warns of social security breakdown

Arthur Smith reports on the decline of an area not used to long-term unemployment

THE West Midlands may not be able to cope with unemployment and poverty on the present scale, Mr Gordon Morgan, the county council's Labour leader has told the Government.

"In a letter to Mr Norman Fowler, Social Services Secretary, he called for action to prevent 'the social security system's slide down the slippery slope to a total breakdown.'"

He argues that staffing levels in social security offices are inadequate to deal with "the massive increase in workload created by the dramatic decline of a once-prosperous area."

Unlike Scotland and Northern Ireland, the Midlands has no experience of long-term unemployment and poverty, he says.

Pressure of work in local social security offices was leading to lower staff morale, higher absenteeism and greater turnover. Officers faced a backlog of work resulting in hardships for those in need of benefit.

Research by the county council suggested nearly 280,000 people were drawing supplementary benefit and were, therefore, on the poverty line according to the Government's definition. At least another 100,000, either through pride or failure to understand the system, were not taking up their entitlements.

The local authority maintains that when families and dependants are added to the 380,000, the total represents a considerable proportion of the country's population of 2.6m.

Mr Les Collins, the West Midlands officer of the National Association of Citizens' Advice Bureaux, says: "There is an absolutely appalling benefits problem. The Department of Health and Social Security just cannot cope. Efficiency is going down dramatically. It is a consequence of being flooded out."

The association, with 50 offices in the region, 1,000 volunteers and up to 150 paid staff, had been swamped by the sudden rise in problems connected with benefits, financial difficulties and bad debt. Five years ago such issues formed a minor part of the workload.

"There has been a massive increase in problems relating to debt. Our Wolverhampton office alone is likely to deal this year with £1m of complicated debts," Mr Collins said.

Such a situation was alien to the West Midlands, he said. "This has always been a region of high employment and high earnings. People here take pride in self-help and their independence. They are reluctant to claim benefits."

Recession had spread through the social scale. "There are pockets of mass unemployment even in the plush parts of Birmingham," Mr Collins said.

The rise in the number of unemployed executives had been dramatic over the past two and a half years.

"For the high paid executive the shock is traumatic. There is no earnings-related benefit now. The thought of having to claim for supplementary benefit is horrific. There is more dramatic for the man with the big house and car, high rates and a mortgage."

Mr Collins does not see any easing of the financial problems of the people of the West Midlands: "It will get worse over the next two years. So far we are only scratching the surface."

West Midlands: REGION IN RECESSION

Since the change in the rules, the volume of acceptances in the London market has more than doubled, to £12.3bn. The London accepting houses, which traditionally dominated the market have seen their share of the market drop from 35.6 per cent to 24.9 per cent during the last 10 months.

A large part of the growth in the market has been accounted for by the U.S. banks, which have more than trebled their outstanding acceptances, to £2.3bn.

Rescued company wins £1m order

BY MARK WEBSTER

WILKINS and Mitchell, the West Midlands power press makers, yesterday announced its first major order since being rescued from the receiver by a U.S. company last month.

The Darlaston-based company will make three 400 ton presses for South Africa as part of a £1.1m order won by the parent company Verson Alsteel Press, based in Chicago.

The order is worth about £300,000 to the British company while the rest of the work will go to Verson's Belgian plant at Charleroi.

Verson bought the assets when the company faced almost certain liquidation and agreed to keep on the remaining 116 workers.

Mr Tim Kelleher, executive vice-president of Verson, said: "This order confirms our belief in the export potential of Wilkins and Mitchell presses."

The South African order has been placed by Vast Metal Pressings of Boksburg, with delivery scheduled for 1983.

Wilkins and Mitchell was placed in the hands of the receiver after it was bought by the Birmingham-based industrial holding company Centre-

Bank of England adds to 'eligibles'

BY WILLIAM HALL, BANKING CORRESPONDENT

THE BANK of England has added 11 banks to its list of institutions whose paper it is prepared to buy during the course of its daily money market operations. Four Japanese and three U.S. banks are among those put on the list. The new banks bring the total number of "eligible" banks, as they are known, to 114.

A little more than a year ago, the Bank of England increased substantially the number of banks whose sterling acceptances are eligible to be rediscounted for cash. The pur-

pose was to expand the supply of eligible bills, which play a key role in the Bank's money market operations under the new system of monetary controls introduced last year.

The Bank of England has now granted eligible status to the following institutions: Banca di Roma, Central Trustee Savings Bank, Harris Trust and Savings Bank, Industrial Bank of Japan, Kyowa Bank, Northern Trust, Taiwa Kobe Bank, Tokai Bank, Trade Development Bank, Wells Fargo Bank and Westdeutsche Landesbank.

Irish to help victims of IRA bombings in London

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

The Royal Dublin Society is noted for horses and for members happy to wear the society's badge incorporating the English crown. It is therefore in a better position than most to make a gesture in the wake of the Irish Republican Army bombings in London.

The society announced at the Dublin Horse Show last week that the Blues and Royals had accepted its offer to replace the horses killed in the Hyde Park bombings. It also set up a fund for the victims' widows and other dependants.

Yesterday the society said a substantial sum had been paid. It had also received many inquiries about the fund from all parts of Ireland. How much had been raised was not revealed.

The society may not be typically Irish, in style or membership, but the response to the fund suggests a deeper than usual unease in Ireland about the London bombings.

The society's appeal follows a decision by restaurateurs in the resort of Kinsale, Co Cork, to display notices expressing regret over the bombings.

What seems to worry many Irish people is that the bombings, so soon after the row over the Falklands sanctions, may poison relations not just between the governments but between the peoples of the two countries.

Correspondents in Irish newspapers suggest a significant number think Mr Charles Haughey's stance on the Falklands crisis did not take account of the impact on relations with Britain and the effect on tourism and trade.

Even those who support his stance agree there are few substantive differences between the two governments. The society's initiative may help to lessen the emotion which threaten Anglo-Irish relations.

Ireland expels RUC men

BY BRENDAN KEENAN IN DUBLIN

THE IRISH authorities may lodge a protest over an incident south of the border involving four members of the Royal Ulster Constabulary in which, it is alleged, some of the northern policemen drew handguns.

They had been challenged about their identity by a hostile crowd in a ballroom in Castleblaney, County Monaghan, a town about five miles inside the Republic.

The RUC in Belfast said four officers had been suspended pending further investigations.

The RUC men were escorted back to Northern Ireland by Irish police even though, by carrying weapons, they were breaking Irish law. Sources in Dublin said all four were armed.

The incident is viewed with considerable concern by officials in Dublin, especially in view of the current delicate state of Anglo-Irish relations.

Receivers to close 42 Eastern Carpets stores

EASTERN CARPETS stopped trading at its 47 branches yesterday as receivers for the company said all but five of the stores would be closed.

Receivers were called in last week, at the request of the Eastern directors, after the company ran up losses of £14m.

Mr Anthony Houghton, one of the joint receivers from chartered accountants, Touche Ross, said yesterday that all stores would stop trading for a few days. It was hoped they would reopen towards the end of the week for an unspecified period before closure of 42 branches.

Mr Houghton said 80 of the company's 180 employees would be made redundant, but most of the staff at its headquarters in Watford would be retained for the time being.

The stores to stay open are at Colchester, Portsmouth,

Ruislip, Edmonton and Falkirk. Three people have approached the receivers to buy the reduced-size business.

Mr Houghton said it was too early to say whether the approaches from potential buyers would bear fruit.

Eastern Carpets was set up about 20 years ago, and its Watford operation, from where it supplies retail customers, trades under the name of Anthony Stuart.

Mr Houghton said that people who had paid deposits for carpets would lose their money, unless the carpet had already been wrapped and was ready for despatch.

Mr Aubrey Miller, company chairman, said last week the company made profits of between £100,000 and £200,000 a few years ago. Higher costs and a fall in trade had hit them hard over the last two years.

BL workers vote on leave

EMPLOYEES AT BL's 34 car factories are to vote in the next few weeks on three options for summer holidays.

They are: to defer for one week the two-week summer break, which falls in the last two weeks of July; defer it for one week, ad a week from the Christmas break and thus have

three weeks' holiday; or leave the arrangements as they are.

BL and local authorities recently met in Oxford to discuss the overlap of the schools' summer term and the summer holiday.

The meeting decided that education and industry would best be served if the holiday was put back one week.

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UK NEWS

Voluntary unpaid work scheme launched

By Philip Bassett, Labour Correspondent

THE GOVERNMENT launched yesterday a two-year £8m scheme which will provide opportunities for unemployed people to perform unpaid voluntary work for the community.

Under the scheme, which was sharply criticised by unions when it was suggested last year, projects will be concurrent with other Manpower Services Commission (MSC) programmes for the unemployed and, in particular, with the new Community Programme Scheme for the long-term unemployed.

Examples are: local community schemes, adult education classes for the unemployed, centres for skill and other training, and contact work between voluntary centres and unemployed people.

Sponsors of particular schemes will apply to the MSC for money. They should make full use of existing resources, particularly premises, but, if necessary, the MSC could meet all approved costs, up to a maximum of £75,000 for any single project.

Payment for the cost of premises must not exceed 60 per cent of total MSC support. Costs of materials and equipment must not exceed £7,500, or £15,000 for a community work project.

Staff taken on to organise the project will be paid a maximum of £30 a week for clerical staff, with higher rates for project supervisors. All staff must be recruited from the ranks of the unemployed.

Unemployed people taking part in the schemes will be unpaid, but may claim reimbursement of £5 a week for travel costs.

Recruitment of staff for projects will be organised through existing job centres and employment offices, with priority given to the long-term unemployed.

The MSC believes that the scheme will provide the unemployed with constructive activity which might develop their skills, provide preparation for work and put them in touch with community projects and other voluntary work. Participation will not affect most entitlements to state benefit. There will be no enforced attendance and no set hours.

The scheme drew scathing opposition from trade unions when it was first floated by Mr James Prior, then Employment Secretary, and when it was formally announced last year by the Prime Minister. However, it now seems to have the approval of the three TUC members of the MSC. It was welcomed yesterday by the main voluntary organisations, which have been closely involved in consultations over the new programme.

ICI to expand U.S. investment

BY RAY DAFTER

IMPERIAL Chemical Industries is investing £32m (\$54m) in its U.S. plastic film business in the wake of its decision to postpone a chemicals expansion project in the north-east of England.

The company has also heard that the French Ministry of Industry has authorised its proposed acquisition of Produits Chimiques Ugine Kuhlmann's (PCUK) loss-making dyes and pigments business. The deal, still being negotiated, is thought to be worth about £50m.

The expansion of ICI's overseas activities coincides with its retrenchment policy in the UK. It was learned at the weekend that the company has deferred

plans to build a £100m-plus methanol plant on Teesside in the north-east. In addition, ICI is co-operating with BP Chemicals in a reorganisation of the UK chemical industry, which will involve the closure of a low-density polyethylene plant at Wilton on Teesside.

The U.S. investment will involve an increase of about 25 per cent in ICI America's capacity to produce Melinex polyester film, a plastic product used in the packaging, microfilm, reprographic, photographic, computer and video-tape markets.

The expansion at ICI America's Hopewell site in

Virginia will increase the total production capacity to 42,000 tonnes a year by early 1984. ICI supplies about a fifth of the 110,000 tonnes of polyester film North America consumes each year.

Melinex film, developed in the UK by ICI, is also manufactured at Dumfries, Scotland, and Rozenburg, the Netherlands. ICI said its strong manufacturing presence in North America had made the company better known there and had thus increased its orders there. This had led to more imports to North America from ICI's European plants.

In France, the Produits Chimiques Ugine Kuhlmann said that negotiations over the sale of its dyes and pigments business was continuing. The company said that the business accounted for about 10 per cent of its FFr 8bn (£673m) annual turnover.

According to the French Industry Ministry, the sale of PCUK's dyes sector to ICI would be the only way in which the activities could survive in France.

If the deal goes through, ICI will become the fourth biggest producer of chemical colourings after Bayer and Hoechst of West Germany and Ciba-Geigy of Switzerland.

Abbey National's 7-day account on target

BY ROSEMARY BURR

ABBNEY NATIONAL'S seven-day account, launched on August 1, has had an enthusiastic response. About £100m has been deposited with Britain's second largest building society in accounts paying 13.57 per cent gross (9.5 per cent net)—half as much again as the equivalent return on a clearing bank account.

Savers in the account will have to give seven days' notice in writing before withdrawing their funds. Bank customers with a deposit account can get their money immediately by foregoing seven days' interest.

Abbey National decided yesterday to continue its controversial scheme in September. From September 1 the return on the seven-day account will be reduced to 8.5 per cent net of basic tax in line with the 1 per cent cut in building societies' basic rate which comes into force on that date.

Abbey National said it may reduce the return on the account further without waiting for another cut in basic rate "if we get too much money in."

At present it says it is on target for £100m a week.

It is not clear yet what proportion of the £100m placed in seven-day accounts is simply money from existing customers who have switched their funds from less attractive building society accounts.

National estimates that about 60 per cent of the money is

from new customers. Mr Stewart Legg, National Westminster Bank's planning manager, reacted in a low-key manner. "There is no guarantee on the rate on Abbey National's seven-day account. We will wait and see how it shakes out in the longer term."

Comparing Abbey National's scheme with a bank deposit account, Mr Legg argued, "our own deposit account is more flexible, as you can get immediate access to your funds and there is no restriction on the amount of money in a deposit account."

In addition to the seven days' notice, savers with Abbey National will have to maintain a minimum balance of £100. The maximum deposit is £20,000.

Banking Information Service, which represents the clearer, said, "a figure of £100m is small so far in relation to over £10bn on deposit accounts at the London clearing banks."

Looking to the longer term, the BIS was less sanguine. "Abbey National's ability to pay depositors a rate which is significantly higher than money market rates underlines the problem that bankers have in competing for personal deposits. This is a matter of increasing concern among bankers and it is a prime reason for Barclay's decision to start opening on Saturday again."

Although the other major building societies initially responded angrily to Abbey National's seven-day account, the Woolwich and Nationwide said yesterday that there was no evidence that they were losing funds to Abbey.

One building society, however, privately voiced the fear that smaller societies, seeing an exodus of investors, might be pushed into following Abbey National. "We are all very vulnerable to someone else doing a short-term offer from September 1," the society admitted.

The Department of National Savings is also clearly worried by the building societies' ability to attract funds. The department, which last month launched a monthly savings account, said Abbey National's launch and yesterday's issue from the Alliance Building Society, the first index-linked savings scheme from a building society, put it under added pressure.

The Department is running behind schedule in attracting funds if it is to reach the Government's £3bn target by March 31, 1983. The first quarter of fiscal 1982/83 saw a net inflow of only £368m.

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However, the banks are conscious that this sort of action would lay them open to criticism from the building societies, which have argued that the banks were only temporarily interested in the mortgage market.

The banks have demonstrated their commitment to the home loan market by matching the societies' reduction in rates.

There had been uncertainty, after the building societies decided to cut their rates last week by 1½ percentage points to 12 per cent, that the clearing banks might use that change as an opportunity to bolster their profitability and not match the societies' cut.

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Railbus contract for Leyland Vehicles

By Mark Webster

LEYLAND VEHICLES (LV) will win the contract to build the first 20 bodies for the BR Railbus, the lightweight railway carriage based on a bus superstructure. It was confirmed yesterday.

But BR said nothing had been decided about subsequent orders, opening the way for competition from hard pressed companies like Metro-Cammell in Birmingham.

The Government will soon announce its approval of the Railbus scheme although progress may be held up by the BR's current acute financial troubles.

Initial investment is in the region of only £5m but the £240m which BR estimates it has lost through strikes has made it hard for the railways to continue with any fresh projects.

Work on the underframe will be done by British Rail Engineering (BRE), which faces closure of its Shildon plant and staffing cuts at Horwich, Swindon and Derby.

BRE said yesterday that it had plenty of spare capacity to cope with any orders for the underframe of the Railbus but could not say yet where the work might go.

The two pre-production units have been constructed as a joint project with Leyland which would make it difficult for BR to change manufacturers at this stage.

But Metro-Cammell said yesterday it was "very interested" in the project and approaches from BR it would be making its own inquiries into future manufacture of the Railbus.

The Railbus will be a much lighter carriage than the Diesel Multiple Unit which it will be replacing and will sit on standard rails.

The suspension is a spin off from the Advanced Passenger Train and should guarantee that the new carriages are quieter than road buses.

Some shadow of doubt continued to rest over Conoco which triggered off seven weeks of warfare at the petrol pump by announcing in June a policy of charging a penny less per gallon on than any competitor in any given locality.

Mr H. K. Bowden, Conoco chairman, confirmed last night that the rate for the company's Jet brand would rise. He was unable to say, however, by how much. He said it would not be

consistent price because both the timing and the amount depended on the market in any particular area.

Clearly Conoco does not want to renounce its image as the market's most aggressive force. Mr Bowden said sales of Jet, which previously had about 5 per cent of the market, had increased. He declined, however, to reveal the extent of the growth.

He said price-cutting had eroded the competitive advantage enjoyed by Conoco's Hummer refinery and that his company had suffered with the rest. The industry could not continue indefinitely with such low prices, he said.

Amoco Conoco's competitor there is a consensus that a price from 174s to 180s a gallon for four-star petrol is required for a small measure of profitability, compared with an average prevailing last week of 165s to 168s with markedly higher rates in the more remote rural areas.

Labour Party team to meet CBI leaders

BY PETER RIDDELL, POLITICAL EDITOR

THE Labour Party's economic team will meet Confederation of British Industry leaders today to discuss the economic outlook, in a move which is likely to provide further embarrasment for the Government.

The meeting, at the request of Mr Peter Shore, the shadow Chancellor, is intended to find out more about the CBI's view of the state and prospects of the economy, after its gloomy quarterly industrial trends survey on Wednesday.

The CBI was yesterday regarding the meeting as part of its routine contacts with all political parties rather than anything exceptional to do with the economic debate.

The confederation denied it was lining up with Labour since the party's policies on refloating, planning agreements and withdrawal from the EEC would do nothing for British industry.

The Labour team is not primarily aiming to press its own alternative strategy but will instead try to establish the degree of common ground with the CBI, both on Labour's view that the

main problem now is lack of demand, and about the necessary measures to put the economy right.

The principle Labour aim is to take advantage of the controversy about the economy, and recent gloomy forecasts to show that its criticisms of the Government are shared by industrialists. Ministers have been trying to mount a counter-offensive about the CBI's gloomy view.

A meeting between the SCBI and an opposition party in these circumstances is noteworthy but not exceptional. Mr Shore and his shadow team have met CBI leaders occasionally, in the past and Sir Terence Beckett the Confederation's director general has attended party backbench meetings.

The Labour team will consist of Mr Shore with Mr Robert Sheldon, and Mr Jack Straw, the CBI side will consist of Sir Terence Beckett, Mr Donald MacDougall, the CBI's senior economic adviser, and Mr Charles Burton who is responsible for the intention survey.

Four star petrol retail price rises to 173p per gallon

BY RICHARD JOHNS

FOUR STAR petrol will cost 172p-173p per gallon from today as major oil distributors follow the lead set by Shell last week in announcing an 8p cut in price support for dealers.

Exxon, British Petroleum, Texaco and Mobil all fell into line with Shell. They expressed relief at the prospect of cutting losses and warned of the need for more increases if the industry's refining and marketing operations were to be restricted to a modicum of profitability.

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Heavy truck sales show no signs of recovery

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HEAVY-TRUCK sales show no real signs of recovery so far this year. Registrations for the first seven months remained at about the level for 1981 when they dropped to the lowest for more than 40 years.

Leyland Vehicles, the BL subsidiary, however, seems to be recovering from the strike at the start of this year. Its July sales improved slightly from last year's level, from 465 to 495.

The company has much ground to make up because its sales after seven months of 1982 remained nearly 22 per cent down on the 1981 level, at 3,248 compared with 4,130.

According to Society of Motor Manufacturers and Traders' figures in the January-July period 25,374 trucks and trailers of over 3.5 tonne gross weight were registered, compared with 25,304 in the corresponding months last year. For July alone sales were down slightly, from 2,790

to 2,602.

Commercial vehicle sales as a whole in the seven months improved by 4.7% per cent, to 129,774, because of increased demand for lighter vehicles.

In particular, registrations of medium and heavy vans rose by more than 9 per cent, to 59,566, in the seven months. However, in July alone they fell back sharply, compared with the corresponding month in 1981, from 6,716 to 4,969, as a major Ford campaign for the Transit came to an end.

Light van registrations were up by 5.74 per cent in the seven months, from 34,645 to 36,637. The improvement continued in July when sales were 3,528 compared with 3,062 for the corresponding month of 1981.

Bus and coach registrations continue to give makers cause for concern. At the end of seven months they were down by more than 14 per cent to 2,641. Again, there was no sign of recovery in July.

Sweets factory in Liverpool faces closure

By James McDonald

BARKER & DOBSON, the confectionery manufacturer and retailer, is to close its Liverpool sweets factory, which employs nearly 370 people, by about the end of the year. The company hopes to be able to employ between 100 and 150 of the workers at one of its other two factories, at Bury or Nelson.

The decision to close the Liverpool factory follows the company's announcement in June that it was to close down its unprofitable Irish confectionery manufacturing subsidiary in Dublin, Leman and Co, with the loss of more than 100 jobs.

The news yesterday was not unexpected. The company's Board stated in June that it had begun a rationalisation of manufacturing capacity to maintain profitability of the group.

Employees in Liverpool were told yesterday that Barker & Dobson was unable to sell its confectionery profitably, and keep its current manufacturing capacity, and that Liverpool production could be made up by the Bury and Nelson factories.

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Banned drug helps skin disease cases

OPREN, the drug developed for arthritis but banned because of serious side effects, may be effective against psoriasis, a skin disease affecting nearly 2m in Britain.

The case of a man whose psoriasis disappeared while he was taking Opren for arthritis prompted consultant Dr Roger Allen to give it to 14 patients at the dermatology unit of Nottingham University teaching hospital.

Some improved within 24 hours. Others failed to benefit and one dropped out of the trial because of gastrointestinal side effects.

Dr Allen, who has stopped further trials but is continuing to give Opren to three "very bad cases" under strict control, is writing to the Committee for Safety in Medicine asking them to take his results into consideration when deciding the future of the drug.

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UK NEWS - LABOUR

Tebbit seeks even lower pay offers this round

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MR NORMAN TEBBIT, Employment Secretary, yesterday reaffirmed government pressure for low wage settlements in the new pay round by restating the "crucial and unbreakable link" between pay and jobs.

The Government has reason to be pleased with settlements in the pay round just concluded, particularly in the private sector, but ministers are now following the Chancellor's lead in seeking even lower settlements this year.

Mr Tebbit, speaking to the Scottish Engineering Employers in Glasgow, said "The new pay round has started. Let us hope it will not be the round in which negotiators knock out their members firms by daft claims."

Negotiators were thinking about how much to claim and

how much to offer. In what may be a reference to the engineering industry claim, he said, "Some unions are looking for a substantial rise. I hope their expectations are not too high."

Mr Tebbit said that most workers were realistic enough to see the link between their own pay and their own job and knew that a smaller increase now could help to avoid unemployment later.

He went further, by stressing links between pay and jobs in different industries and sectors.

"Pay increases for any one group of workers affect job prospects not only for that group but also for other groups. Moderate pay settlements promote not only workers' own interests but also the interests of others."

Speaking after an earlier visit to a motor trade training centre in Glasgow, Mr Tebbit said he did not expect unemployment figures to drop significantly over the next 18 months.

He was prepared to fight the next election with unemployment still a major issue. The answer to unemployment lay in "higher productivity, lower industrial costs and wider product markets."

He jovially rebutted suggestions that he was one of the most unpopular ministers, and claimed that the Government's current Employment Bill was a popular measure, attracting the opposition of only a fringe group of union leaders.

Coal Board warns on sales 'risk'

By Brian Groom, Labour Staff

TREATS OF industrial action by the National Union of Mine-workers are jeopardising the sale of 6m tonnes of coal, the National Coal Board said yesterday.

The NCB believes it could sell this amount by about 1983 to industrialists who were thinking of switching to coal from gas and oil. The sale could go ahead if they were convinced of secure supplies at reasonable prices.

The warning to Britain's 211,000 miners, is in the industry's newspaper Coal News. It is a clear attempt to undermine support for industrial action as the autumn wage round approaches.

Mr Arthur Scarrell, NUM president, has threatened industrial action over pay and closures. The NUM opposes all pit closures except where coal reserves are exhausted.

The NCB says the 6m tonnes at risk is equivalent to a year's output of about 12,000 workers. It believes the business is needed to safeguard the size of the industry and to prevent additions to colliery stocks, already at record levels.

Two-thirds of the NCB's 120m tonnes of annual sales go to electricity generation, which presents limited prospects for expansion.

Sales to industry, although much smaller, are one of the few sectors in which the board sees early opportunities for growth.

The board says it has convinced companies of the case for conversion to coal—which is about two-thirds the price of oil.

Mr Donald Davies, the board's member for marketing, writes in Coal News that these potential customers are worried when they hear through the media of NUM resolutions referring repeatedly to industrial action.

"It takes customers from two-to-five years, from making decisions and doing design work, to get new plant burning coal. Companies are clearly not rushing to turn to coal but we have a real chance of increasing the coal burn in the next few years—providing we do not lose their confidence."

Incentives include government grants of up to 25 per cent for conversion, and the prospect of cheap EEC loans being available shortly.

Mr Scarrell returns from holiday in Cuba this weekend, when his approximate six-week deadline for possible industrial action passes. The threat is over the suspension of production at Snowdown colliery in Kent.

Water unions against local deals

BY OUR LABOUR CORRESPONDENT

WATER INDUSTRY unions yesterday said the Government's proposals to abolish national collective bargaining in the industry were not directed at improving efficiency but at disrupting the unions' bargaining ability and strength.

In statements lodged yesterday with the TUC, which will pass them to the Government, the water unions complained of the lack of trade union consultation and agreement

on the Government's surprise proposals.

Mr Eddie Newall, trade union-side secretary of the industry's joint national industrial council, representing 70,000 workers and staff, said: "It is the trade union side's view that this is an utterly irresponsible approach on the part of the Government and a recipe for chaos."

Mr Newall said "the proposals have little to do with improving arrangements and are directed at disrupting the

bargaining ability of the trade unions at national level."

The unions said the proposals, far from improving industrial relations in what was already a volatile situation, would exacerbate matters seriously.

The Government is clearly concerned at the level of monopoly union power in the public utilities. It is considering proposals aimed at what Employment Department officials call protecting the community from the abuse of such powers.

Move to left likely in Aslef

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEFT-WINGERS in the Associated Society of Locomotive Engineers and Firemen seem set to increase their influence within the union after a reconstruction of its executive committee which has seen the disappearance of one of its area-based seats.

The nine places on the executive are being reduced to eight in line with an Aslef delegate conference decision to reduce the number of the union's full-time district secretaries.

Accordingly, the union's Manchester and north-west executive seats are being merged. An election for the merged seat was won by Mr Terry Clarke, a moderate, the current holder of the Manchester seat.

His opponent, Mr Les Johnson, holder of the north-west seat, will become full-time district secretary for the area at the beginning of next year. Until then he will stay on the executive committee.

The union areas bordering the merged seat have taken up portions of its geographical area.

Elections are now taking place for the northern and London Transport executive seats. The northern seat was held by former president Mr Bill Ronskley before he was elected full-time officer for the merged seat.

The London Transport election arises from the death in office of Mr Ted Miles. The changes mean that the new eight-man executive is roughly divided 3-3 between

left-wingers and moderates, though both terms in Aslef circles are relative, because the moderates in the union tend to be at least as tough as many left-wingers in other unions.

However, if as seems likely, the two seats up for election are won by the left, they will have an in-built majority on the executive based upon larger geographical areas.

The left-led Furniture, Timber and Allied Trades Union is also restructuring its governing general executive committee.

The 77,000-strong union is reducing the number of its executive seats from 27 to 19. The number of the union's electoral districts will be reduced from 18 to 14, and the number of district organisers from 39 to 32.

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Rules and Background data covering this tender are available to investors, at Moneda 921, suite N° 822, Santiago-Chile, subject to payment of a \$ 5,000 fee (or US\$ dollar equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vicepresidente Ejecutivo, CORFO, Moneda 921, suite N° 825, Santiago, Chile, no later than 10:00 AM, October 8, 1982.

All proposals will be opened before interested parties, by Corfo's Secretary General, who will administer this activity. CORFO reserves the right to accept the offer which, in their judgement, it deems to be in their best interest, or to reject all offers without offering explanations.

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- HELSINKI, FINLAND 0977-61-02
- PARIS, FRANCE 08079-8800*
- DUBLIN, IRELAND 01728188*
- MILAN, ITALY 2864051*
- AMSTERDAM, NETHERLANDS 02043-48-74*
- OSLO, NORWAY 0241-69-95*
- JOHANNESBURG, SOUTH AFRICA 23-2983
- BARCELONA, SPAIN 03317-50-86*
- MADRID, SPAIN 01401-20-04*
- STOCKHOLM, SWEDEN 0829-84-55*
- GENEVA, SWITZERLAND 02221003*
- ZURICH, SWITZERLAND 01302-0828*
- DUSSELDORF, W. GERMANY 021149821*
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- EASTERN CANADA 800-252-9293*
- WESTERN CANADA 800-288-9330*

- MELBOURNE, AUSTRALIA 83-671*
- SYDNEY, AUSTRALIA 231-6777*
- AUCKLAND, NEW ZEALAND 783-609
- CHRISTCHURCH, NEW ZEALAND 69-573
- WELLINGTON, NEW ZEALAND 857-514
- SINGAPORE 235-4911*

- OSAKA, JAPAN 0534-1019*
- TOKYO, JAPAN 03264-4270*

- BEIRUT, LEBANON 281890
- CAIRO, EGYPT 983-000
- TEL AVIV, ISRAEL 286-222

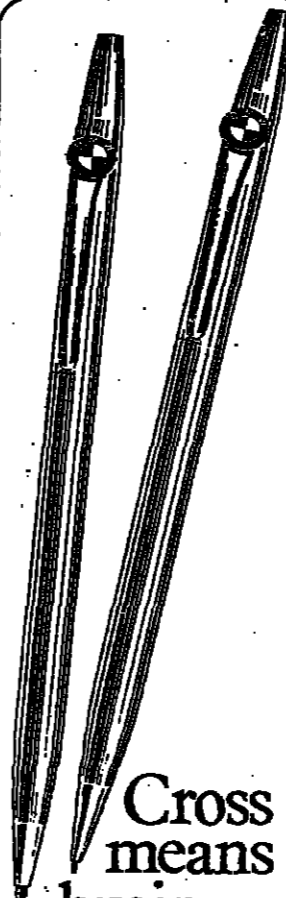
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GMWU chiefs back boilermakers merger

BY OUR LABOUR STAFF

PROPOSALS for a merger between the General and Municipal Workers' Union and the Boilermakers' Society were agreed yesterday by the GMWU executive council.

Similar proposals have already been agreed by the Boilermakers' executive. Now the union plans to ballot their members on the terms of the proposed amalgamation, which is subject to legal scrutiny.

The readiness of both union executives for a merger has been conveyed to the Certification Officer, who will oversee arrangements for the ballot on the transfer of engagements—movement of membership—between the two unions.

Membership of the GMWU would rise to almost 1m if the merger went ahead. This would rival the Amalgamated Union of Engineering Workers for second place in trade union

size to the Transport and General Workers' Union.

The moderate Boilermakers has about 120,000 members, and the politically similar GMWU about 860,000.

The Boilermakers would form a large industrial group, in the merged union, with its current shipbuilding members, although with a special craft emphasis.

All eight members of the Boilermakers' governing executive would join the GMWU executive, to bring the size of the new committee to 38.

Mr David Bassett, GMWU general secretary, said yesterday: "This agreement on amalgamation, when ratified by the membership, will lead to the creation of a major new union capable of representing all grades of workers in a powerful force in both private and public sectors."

"Today we took an important step towards establishing a union for the 21st century."

Licensing proposed for private security industry

BY OUR LABOUR STAFF

LICENSING to control the expansion of the private security industry is proposed today by the independent Low Pay Unit, as a cure for low standards of service and exploitation of the workforce.

Mr Simon Crine, research officer, says in a study that "the underside of the industry is characterised by anarchy, cost-cutting through extremely low rates of pay."

The largest companies set their minimum pay and conditions by negotiation with unions, mainly the General and Municipal Workers Union, but most employers do not. Mr

Crine says. They were afraid to improve wages in case they lost price competitiveness.

Licensing—so far rejected by the Government—would aim to set minimum recruitment standards, eliminating the employment of people with serious criminal records. It would develop a training course.

Mr Crine advocates a national agreement between employers and unions. The licensing system would require adherence to the minimum rates of pay and conditions which it fixed.

Low Pay Review No 10, July 1982; L.P.C. 9, Poland Street, W1V 3DG; 85p.

Midland Bank fight

BY OUR LABOUR STAFF

THE BANKING, Insurance and Finance Union yesterday began a campaign of non-co-operation with the closure of Midland Bank's registrar's department in Sheffield.

The campaign will not bite, however, until the bank tries to withdraw the share registers of customer companies from the department.

arrangements had been made for 78 of the 106 staff whose jobs are threatened. It has refused to guarantee continued employment, but says it will make every effort to redeploy staff in the 12 months before closure is completed.

So far 57 new job opportunities have been identified, and 31 of the staff have indicated they are prepared to consider voluntary early retirement.

THE MANAGEMENT PAGE: Small Business

WHAT HAPPENS TO NEW COMPANIES: BY TIM DICKSON

Progress made and lessons learned

Three months ago (May 18) the aims and aspirations of two participants of a joint Greater London Council/London Enterprise Course for budding entrepreneurs were outlined on this page. Matthew Hypolite's objective was to start a specialist publishing business to produce books for young West Indian children. Eileen Walsh had just ploughed her savings into buying a small agency supplying babysitters and domestic cleaners. How are they faring?

NINE months after taking over a London Enterprise agency offering three inter-related services—London Domestic, Babysitters Unlimited and Nannies Unlimited—Eileen Walsh is finding life as a small business proprietor more than agreeable. Indeed, the business is running sufficiently smoothly for her to have found time to resume a favourite form of relaxation—playing the flute.



Eileen Walsh: Turnover up by 30 per cent

Walsh, however, has mostly had her hands full in the past three months coping with her company. The effort has paid off, for turnover since last November is up by 30 per cent. The key to this improvement, she says, is the conversion of more telephone inquiries into "placings".

Walsh emphasises that she watches every penny. She has several credit customers who have recently been successfully chased up by the company secretary. "It's amazing what a male voice does on the phone," she comments, adding a touch ambivalently: "But it does annoy me!"

Further expansion is certainly part of the ultimate plan—though Walsh is in no hurry. "One thing I'm learning is that you've got to go through 12 months in a business like this to see the peaks and troughs of demand. At one point earlier this year there were a lot of inquiries for nannies but unfortunately we didn't have a big enough supply of girls. Next time I'll be able to see it coming and won't make the same mistake."

Walsh wants the agency to grow because she has found she enjoys running a business and she knows "the demand for a high quality service providing residential staff of all descriptions is there."

At the moment she has one full time and one part time assistant but she realises that "if I had too many people in the office, could lose touch with what is going on. I think four is probably the optimum number."

Matthew Hypolite is still at the stage of raising money for his publishing company, Armadillo Books, and is experiencing the frustrations of setting up a new business.

Bank managers, for example, are enthusiastic about his ideas but two have recently identified areas of his business plan that can still be improved.

Meanwhile, an application to the Greater London Council for money to test market his ideas is taking longer to process than he anticipated.

Hypolite's ambition is to establish his fledgling company as a fully commercial publisher of picture and story books for West Indian children in the age bracket one to 10. His primary motive is unashamedly social—he fervently believes that such books could significantly improve understanding between black and white communities in Britain and that by featuring West Indian characters in dominant and successful roles their audience will gain self-respect and confidence at an important formative age.



Matthew Hypolite: neither daunted nor bitter

His attitude to the banks is similarly understanding at this stage, though he resents the tendency of institutions (including black dominated ones) to apply "unnecessary" special standards to "ethnic minority" businesses.

The two bank managers that I have seen both said they needed more evidence that there is a market for this sort of book—and they are right. On the other hand, I do wish that the banks in this country would be a bit more adventurous. In the United States there are a number of successful black publications and the banks look at the companies behind them in strictly commercial terms. In British financial institutions should remember that the black population has money to spend and represents a viable market. They should treat black businesses on their commercial merits."

Effective

Important lessons, meanwhile, have been gleaned from the GLC/LENTA course. "It taught me to use my time more effectively. I have, for example, hired a part time secretary to do some of the typing and routine office work so that I can spend more time managing and promoting the business."

Preoccupation

Hypolite is neither daunted nor bitter by the setbacks so far. Far from it, in fact. "We don't have to prove anything to ourselves," he comments, "but I do realise that we have to show other people why we are right."

Agents

One of the biggest bones of contention, however, is that under the new scheme employers will be operating as collection agents for the DSSS. Adequate records will have to be kept, adding another weight to what many already consider an unjustified administrative burden.

Agents

The rules on what constitutes a "day of sickness," for example, are not easy to grasp.

Financial options disappearing

A STRING of indicators in the last couple of weeks has highlighted the grim trading outlook for many UK companies. The declining optimism and depressed demand reported by the Confederation of British Industry, plus the increased bad debt provisions made by all the major clearing banks suggest that conditions for businesses large and small are as difficult, if not worse, than ever.

Further destocking, further extension of trade credit and reductions in capacity are all options to help ease liquidity problems, he says, "but these have probably been exhausted."

Other problems include the tendency of larger customers to delay payment of their debts and the backlog of VAT and PAYE payments since the end of the civil servants' strike.

The complexities of sickness

Before the sickness scheme benefit becomes due there must be a spell of four days of incapacity for work. No benefit is paid until the fourth qualifying day, but if two or more four-day sickness periods are separated by 14 or less calendar days these are said to be linked. If an employee has three waiting days in one four-day period and then a second "linked" spell, the benefit will be payable from the first qualifying day in the second spell.

Employers will have to agree with the employee when he is sick—but if agreement cannot be reached on this point the DSSS will decide, ultimately by tribunal. Responsibility for deciding when and when not to pay sick pay is that of the employer; under a clause in the Act employees can file in their own form for the first seven days but thereafter doctors' certificates will be required.

Details of how the Scheme will work are outlined in DSSS Leaflet No. NI 227. The DSSS has said that to help those who have difficulty wading through the 59 page guide their local offices will provide speakers for organisations or individual companies running seminars.

Cash Voucher advertisement: This cash voucher entitles your company to an immediate 75% CASH AGAINST INVOICES. Subject to approval.

Cash flow problems? Then cash this! Need cash now? You've got it right there on your books! We'll give you 75% cash against your invoices—money you can put to work today.

TAX SHELTER advertisement: For corporate and private investors 100% IBAs now available in prime southern locations with rental, business and several leasebacks to Local Authorities.

UNIQUE OPPORTUNITY advertisement: A company providing a vital computer-based service to industry and commerce with international communications is looking for a management team sufficiently confident in its own ability to provide working capital and take over executive functions of the company.

BRITISH MANUFACTURER advertisement: In distributing UK and Foreign Products for other companies with compatible literature, market and distributors both home and abroad.

NEW TECHNOLOGY advertisement: Company engaged in Agriculture (Fertilisers and Animal Food) requires finance for commercial exploitation of completed research programmes.

IBM PERSONAL-COMPUTER advertisement: Join the growing number of businesses turning to the product with the quality and reliability to be expected from the world's largest computer manufacturer.

Short/medium term loans and overdrafts, Commercial Mortgages, Business Expansion Loans, Business Acquisition Loans. Up to £250,000. ARMO Corinthian Securities Limited.

SCOTLAND LIESURE INVESTMENT advertisement: Young growth company in Self-Catering Holidays seeks investment. Successful prestige business with 134 beds and outline planning for further developments.

PUBLIC TELEX CENTRE advertisement: Received and forwarded worldwide. LONDON'S ONLY PUBLIC CENTRE.

Excellent Investment advertisement: Young design-based company with remarkable product of recognisable potential and value sought. In addition financial injection to develop and establish.

INVESTORS WANTED advertisement: For participation in U.S. offshore oil and gas drilling ventures. Funds used primarily for conservative development drilling.

LIMITED COMPANIES FORMED BY EXPERTS FOR 477 INCLUSIVE. READY MADE LTD. COMPANY SERVICES.

WANG WORD PROCESSING advertisement: If you don't want to spend thousands on a word processing system, we can help you.

GENEVA advertisement: Full services is our business. Law and Taxation, Mailbox, telephone and Telex services.

QUALITY WINE advertisement: ESPECIALLY GERMANY. W.C. IS TRYING TO FIND A DISTRIBUTING FIRM IN THE UK.

PROBSEMS IN NIGERIA? advertisement: DELAYS IN PAYMENTS, REPUTABLE DESTOR COLLECTION COMPANY.

£250,000 EQUITY INVESTMENT advertisement: Search for 250,000 £ shares for 100% cash. 100 room (150 room) second class Beach Club Hotel development.

UNIQUE OPPORTUNITY advertisement: Retirement Centre Florida, 250 Apartments, 1000 sq ft. 50% cash on hand. Construction finance secured.

WHY LEASE YOUR NEXT CAR? advertisement: You can buy on our Purchase Plan. 10% initial rental, 48 months repayment.

INTERMEDIATE-TERM SPV and DM Financial Candidates only projects with detailed project descriptions.

BUSINESSES FOR SALE

For Sale KNITTING WOOL MFRS. The business of knitting wool manufacturers established in 1922 and trading under the name of Midgley & Catton Limited now in receivership.

FOR SALE AS A GOING CONCERN. High Class 4 Colour Litho Printers. Strategically Sited to City & West End.

BUSINESS FOR SALE BY RECEIVER. FRANK WRIGHT SHOES LIMITED. The entire business and assets of this well known MENS FASHION SHOE MANUFACTURER.

FOR SALE RETAIL TRAVEL AGENCY GROUP. A unique opportunity to acquire a highly profitable and prestigious Retail Agency Group, comprising six outlets.

FOR SALE AS GOING CONCERN. A SMALL CHAIN OF D.I.Y. SUPERSTORES. Modern Units—each over 20,000 sq ft. Trading from ideal locations with ample car parking.

In brief...

Conferences

FOUR international conferences on small business and venture capital are scheduled between now and the end of the year.

Places are still available for British participants at the 1982 European Small Business Seminar in Lille, France. Organised by the European Foundation for Management Development.

The International Congress on Small Business is next on the calendar and is being held in Madrid, Spain, from October 25 to 28. The Madrid organiser is Ricardo Gayte-Boza.

Another symposium on the "Needs of New Technology-based Enterprises" will be taking place in Luxembourg on November 17 to 19.

Finally, Management Centre Europe has gathered together an impressive list of international venture capitalists for a seminar on "Venture Capital Investment: the risks and returns" to be held in London on December 2 and 3.

Brickwork

SMALL BRICKMAKERS could have a rosy future, according to a new study carried out by the Intermediate Technology Group. The recession has hit big brickmakers hard but according to Alan Ballard, the author, modern developments in intermittent kilns, clamp firing, ambient drying and hand production are helping the small operator to exploit niches at the high quality end of the market.

"Erick Work," the third in a series of small firms studies, is available from the Intermediate Technology Group, 9, King Street, London WC2. Price £1.65 per copy plus p and p.

FT COMMERCIAL LAW REPORTS

Damages for lost option to buy ship

CN MARINE INCORPORATED v STENA LINE A/B AND ANOTHER
Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice May and Sir Sebag Shaw); May 25 1982

IN DECIDING whether damages are an adequate remedy in a claim for specific performance of an option to buy a ship, the court should take account of any advantages which make that ship of special value to the buyers; and an existing advantage which would have ceased by the time the option does not justify an order of specific performance instead of an award of damages.
The Court of Appeal so held when dismissing an appeal and allowing a cross-appeal from a decision of Mr Justice Parker in the Commercial Court (FT, May 11). The appellants were CN Marine Incorporated, charterers. They appealed against that part of the judge's decision which was against them, but the part which was in their favour was reversed. Judgment was therefore in favour of the respondents, Stena Line A/B, shipowners. A cross-appeal by the second respondent, Regie Voor Maritiem Transport, a Belgian company, was allowed.
LORD DENNING, Master of the Rolls, said that in May 1976 the Swedish owners of the Nordica chartered her to Canadian charterers on a most unusual type of charter. It was for up to 108 days during the summer season each year. For the remaining 257 days the vessel reverted to the owners who could use her as they liked. The charterers had an option to renew the charter, and an option to purchase the vessel at the end of the fifth or sixth years. In July 1981, the charterers notified the owners that they exercised the option to renew the charter for a further year commencing January 1 1982. The effect was that they were entitled to have the vessel for 108 days of the summer season, and that they were entitled to purchase at the end of 1982. The owners took redelivery of the vessel on September 9 1981, and used her on other services during the winter season, as they were entitled to do. About that time, however, they entered into negotiations which were seriously in breach of the charter. They arranged to charter the vessel to Regie for two years with an option to purchase. That would mean she would not be able to be ready for the summer season in June 1982. Miss Heilbron, for the owners, took the point that specific performance was not the correct remedy. She agreed that it could be ordered for a contract for sale of a ship, but said that in the present case damages would be an adequate remedy. The owners would be good for the money.
Regie cross-appealed. It said that it was not good enough that it should simply have the benefit for two years, but that it should have performance in accordance with the terms of its charterparty, namely, for two years outright with an option for a further year and an option to purchase.
The fundamental point was whether damages were an adequate remedy for the charterers. The charterers, in case they did not get specific performance, had made contingency plans involving the use of other vessels which would enable them to run their service for the season. Although these arrangements would not be entirely satisfactory, Mr Justice Parker thought that it was a fair point. But what tipped the scales for him was the fact that the vessel was a sister ship in two already operated by the charterers on the same service. He said that was a special advantage and of considerable value on the service, though it was clearly of less value if she was to be operated, as she was after 1982, on another service. He found that the advantage was just sufficient when taken with other matters, including the owners' conduct, to satisfy him that an order for specific performance should be made. It was very difficult to reconcile that reasoning with the judge's later reasoning that the charterers should have specific performance subject to the condition that Regie should have the benefit of its charterparty for two years.
That took away the "sister ship" point, because Regie would have the use of the vessel during the time when the judge had said it would be valuable as a sister ship. Specific performance could be made in the case of a ship, but in the present case damages would be an adequate remedy. In those circumstances, as a matter of discretion, it was not a case for any order for specific performance. The charterers lost on that point, and the owners won.
As to Regie's cross-appeal, it was plain that as the charterers only had a remedy in damages, Regie was entitled to specific performance of its charterparty on the agreed terms. The cross-appeal should be allowed accordingly.
Lord Justice May and Sir Sebag Shaw gave concurring judgments. For the charterers: Leonard Hoffmann QC and M. N. Howard (Hill, Dickinson and Co.). For the owners: Hilary Hyland QC (Norton Rose, Butterell and Roche).
For Regie: John Steyn QC, Bruce Reynolds and A. G. Davies (Ince and Co.).
By Rachel Davies Barrister

TELEVISION

Tonight's Choice
Highlight for me tonight will be Carnival which follows the five-day thrash in Bahia (Salvador) in Brazil. Here the carnival is the big event of the year. The city was the centre for the slave trade and the blacks of Salvador retain more of 18th century West African culture in their songs and dances than contemporary Nigerians. Christianity has given a very light gloss to the African Gods, but the churches of the town and colonial mansions provide an ornate setting to the party (ITV 10.30).
How different from the home life of our own dear Arthur Negus. At 8.05 on BBC-2 he is actually in somebody else's home, the beautifully-sited Goodwood House in Sussex. But he talks well about its history and treasures.
Hi-De-Hill is in the great tradition of BBC comedy. The Corporation has a knack in casting which seems quite beyond the commercial competition, and this run of repeats just confirms the quality of the concept and characterisation. Another well-liked repeat Private Shuz comes to a close tonight. The Tuesday documentary looks at President Sadat and considers why his assassination left the Egyptian people so unmoved.
ANTONY THORNCROFT

LONDON

9.30 am Rocket Robin Hood.
9.50 Wild, Wild World of Animals. 10.15 The Nature of Things. 11.10 The History Makers. 11.30 Pain Along With Nancy. 12.00 Pullover. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 A Taste of China. 2.45 The Spoils of War. 3.45 Father Dear Father. 4.15 Dr. Snuggles. 4.30 Runaround. 4.45 What's Happening. 5.15 The Real World.
5.45 News.
6.00 Thames News with Rita Carter and David Bellin.
6.25 Help! Community action with Viv Taylor Gee.
6.35 Crossroads.
7.00 Looks Familiar: Denis Norden with his guests at Monkhouse. Peter Noble and Gloria Swanson.
7.30 The Video Entertainers.
8.00 The Streets of San Francisco.
9.00 Playhouse.
10.00 News.
10.30 Carnival.
11.30 City of Angels.
12.25 am Close: "Sit up and Listen" with Stan Phillips.
+ Indicates programme in black and white

BBC 2

6.40-7.55 am Open University.
10.10-10.55 Play School.
5.10 pm The Inside Scene.
7.50 Laurel and Hardy in "Hog Wild".
6.00 Ventriquist Cat.
6.05 The World About Us.
6.55 Six Fifty-Five Special.
7.30 News Summary.
7.35 Food and Drink.
8.05 Arthur Negus Enjoys Goodwood House.
8.25 Bird Spot.
8.25 The Past Afloat.
9.00 John Ford Season. "The Sun Shines Bright".
10.30 Turz.
11.00-11.50 Newsnight.

TYNE TEES

9.30 am The Good Word. 9.35 North East News. 9.30 Clegg's People. 9.55 The Music of Mer. 10.50 The Undersea Adventures of Captain Nemo. 10.55 Roses Cricket: Lancashire vs Yorkshire. 1.30 pm North East News and Lookaround. 2.00 Roses Cricket: 4.45 Roses Cricket. 5.15 Roses Cricket. 6.00 North-East News. 6.02 Crossroads. 6.15 For Subject. 6.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 7.00 Robin's Nest. 8.00 Skin Deep. 11.30 Last Call. 11.35 Pro-Celebrity Snooker.
9.30 am Sesame Street. 10.30 Feature Film: "The Million Pound Note". 11.30 The Great Escape. 11.30 The Undersea Adventures of Captain Nemo. 12.30 pm Retirement Report. 1.30 TSW News: Headlines. 3.45 Survival. 5.15 Gus Honeyburn's Magic Birthdays. 5.20 Crossroads. 6.00 Today South Wales. 6.00 Robin's Nest. 7.00 Robin's Nest. 8.00 Simon and Simon. 10.30 TSW Late News. 11.30 Newsnight. 12.25 am Postscript. 12.30 South West Weather.

RADIO

5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.00 Dave Las Frains. 12.30 am Newsnight. 12.45 Paul Burnett. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).
RADIO 2
6.00 am Don Durbin (S). 7.30 Ray Meads (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Sheeran (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 The Songwriters (S). 8.30 Later in the Band (S). 9.30 The Organist Entertainers (S). 9.55 Sports Desk. 10.00 The London Palladium Story. Introduced by Max Bygraves. 11.00 Brian Mathews (S). 11.30 Round Mainly (stereo from

BBC 1
6.40-7.55 am Open University (Ultra High Frequency only).
9.20 Hong Kong Phooey. 9.30 Jackanory. 9.45 Paddington. 9.50 Why Don't You...? 10.15-10.30 Think! Backwards. 1.00 pm News After Noon. 1.30-1.45 Bagpuss. 4.18 Regional News for England (except London). 4.20 John Craven's Newsround. 5.10 Swap Shop "On The Road" with Adam Ant.
5.40 News.
6.00 Regional News Magazines. 6.25 Tom and Jerry.
6.35 Kick Start: A motorcycle trials competition.
7.05 The Show Me Show, with John Craven and Maggie Philbin.
7.35 Hi-De-Hill.
8.05 Private Schulz.
9.00 News.
9.25 Why Was Cairo Calm? The Tuesday Documentary.
10.15 Pasmore, starring Philip Jackson, Alison Steadman and Jimmy Jewel.
11.38 News Headlines.
11.40 Late Night In Concert.

all IBA Regions as London except at the following times—
ANGLIA
9.30 am Sesame Street. 10.30 The New Avengers. 10.55 Joe 90. 11.25 The Flying Kiwi. 11.50 Captain Nemo. 12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Robin's Nest. 6.00 Anglia. 7.00 Survival. 11.30 Nero Wolfe. 12.30 am Tuesday Topic.
BORDER
9.30 am Larry The Lamb. 9.40 Evolution. 10.00 Cool! McCool. 10.20 321 Contact. 10.35 Roses Cricket: Coverage of the final day of the match between Lancashire and Yorkshire. 1.20 pm Border News. 3.45 Roses Cricket. 5.15 Roses Cricket. 6.00 Lookaround Tuesday. 7.00 Robin's Nest. 8.00 Simon and Simon. 11.30 Border News Summary.
CENTRAL
9.55 am Our Incredible World. 10.30 The National Youth Jazz Orchestra in Concert, featuring Lisa Davies. 10.45 The Incredible Hula. 11.30 The Crazy Field of Sports. 12.30 pm The Young Doctors. 1.20 Central News. 3.45 Robin's Nest. 5.15 Mork and Mindy. 6.00 Crossroads. 6.25 Central News. 7.00 Private Benjamin. 8.00 Magnum. 11.30 Central News. 11.35 City of
CHANNEL
12.30 pm Retirement Report. 1.30 Channel Lunchtime News. 2.00 News On Where. 3.45 Survival. 5.20 Cross-

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.00 Dave Las Frains. 12.30 am Newsnight. 12.45 Paul Burnett. 2.00 Steve Wright. 4.30 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).
RADIO 2
6.00 am Don Durbin (S). 7.30 Ray Meads (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Sheeran (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 The Songwriters (S). 8.30 Later in the Band (S). 9.30 The Organist Entertainers (S). 9.55 Sports Desk. 10.00 The London Palladium Story. Introduced by Max Bygraves. 11.00 Brian Mathews (S). 11.30 Round Mainly (stereo from

BUSINESSES FOR SALE

BUSINESS FOR SALE
Wholesaler and Manufacturer of Fishing Tackle
WIRRAL
Long established wholesaler selling in the UK and overseas.
Manufacturer of fishing rods, fittings and metalwork under own brand names.
Long-leasehold warehouse and offices of approximately 9,200 sq. ft. located in Moreton, Wirral.
For further details contact joint receiver and manager:
Mr. John Warren, Ernst & Whinney, Lowry House, 17 Marble Street, Manchester M2 3AW.
Tel: 061-832 5784.

BUSINESS FOR SALE
Electronic Instruments and Sampling Equipment
NORTH WEST
Manufacturer of electronic instruments and sampling equipment, primarily for uses relating to the movement of fluids. Designer of related instrumentation and control equipment. Manufacturer of computerised telemetry equipment.
Operating from long-leasehold premises in Greater Manchester of approximately 12,000 sq. ft.
Sales of approximately £1 million in home and overseas markets.
For further details contact the receiver and manager:
Mr. John Warren, Ernst & Whinney, Lowry House, 17 Marble Street, Manchester M2 3AW.
Tel: 061-832 5784.

Following the appointment of Receivers at Carron Company Limited
the following businesses are for sale as going concerns
Stainless Steel pressing and fabrication—1981 turnover £7.5m market leader for stainless domestic sinks—location Falkirk.
Steel bath pressing and enamelling—1981 turnover £4m—largest UK producer—location—Falkirk.
Foundry with finishing shop and very modern vacuum bath casting plant—important government contracts—1981 turnover £4m—location Falkirk.
Stainless Steel Fabrication—1981 turnover £0.75m—location Glasgow.
Plastic baths and accessories—1981 turnover—£3.5m—location mainly Halifax.
Ceramic bathroom products—1981 turnover £3.5m—location Burton-on-Trent.
Gas fittings and taps—1981 turnover £1m—location Birmingham.
Duct and Access Covers—1981 turnover £0.5m—location Newport.
Further particulars of the foregoing businesses may be obtained from the receivers.
Contact: Mrs Anderson, 021-557 2111
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FINANCIAL TIMES

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Tuesday August 10 1982

Long haul for Mexico

MEXICO'S adoption of a two-tier foreign exchange rate, amounting to a heavy selective devaluation, bears the hallmark of Sr Miguel de la Madrid, the President-elect...

Measures

Overall, the economy had grown by some 8 per cent annually in recent years. The bubble was pricked when the price of oil, Mexico's main source of wealth and export revenues, faltered this year...

But supporting measures subsequently taken proved inadequate. Budget cuts still left the prospective public sector deficit in 1982 at 9.5 per cent of GDP...

Mexico is heavily dependent upon the world's banking community. Its external debt, public and private, was at least \$70bn at the end of last year...

Difficulties

Though Mexico ran a visible trade surplus of \$381m in the first five months of this year, the Bank of Mexico's external reserves took a dive because of the services deficit and a flight of capital...

A loophole in life assurance

UK INVESTORS once again face the possibility of losing money on life assurance contracts because of financial problems with the life companies issuing the contracts...

The Department of Trade prefers to keep this freedom for the seller, which life companies argue allows them to be flexible and innovative in their contract design...

Minimal

In pursuing the principle of free trade in services not only within the EEC but worldwide, the authorities also allow overseas-registered life companies to trade in the UK with the same freedom as their home-based counterparts...

The DoT cannot readily monitor the viability of overseas life companies and it appears that it does not make inquiries into their financial health. As a result investors do not enjoy the indirect protection which applies to UK companies...

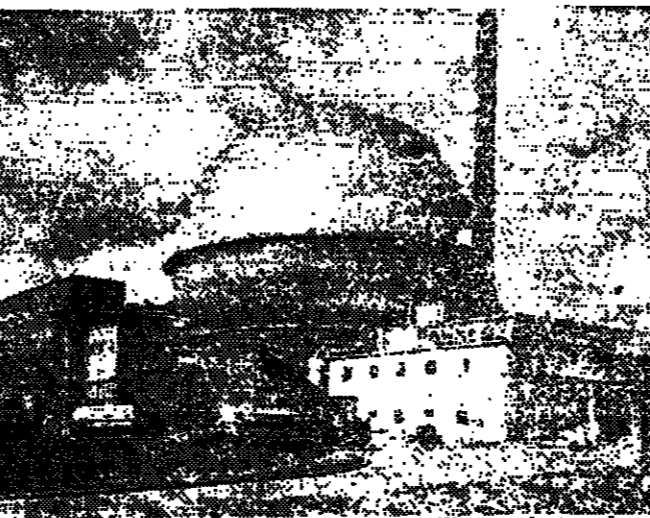
The past months have seen a few intermediaries take advantage of this loophole in the system to market a series of investment contracts from Gibraltar-based life companies...

RADIOACTIVE WASTE

Difficulties of a decent burial

By David Fishlock, Science Editor

A NEW industry, of intense public interest, has begun to take shape in Britain. Its job is to dispose safely of the 100,000 cubic metres of radioactively contaminated materials Britain is expected to have accumulated by the end of the century...

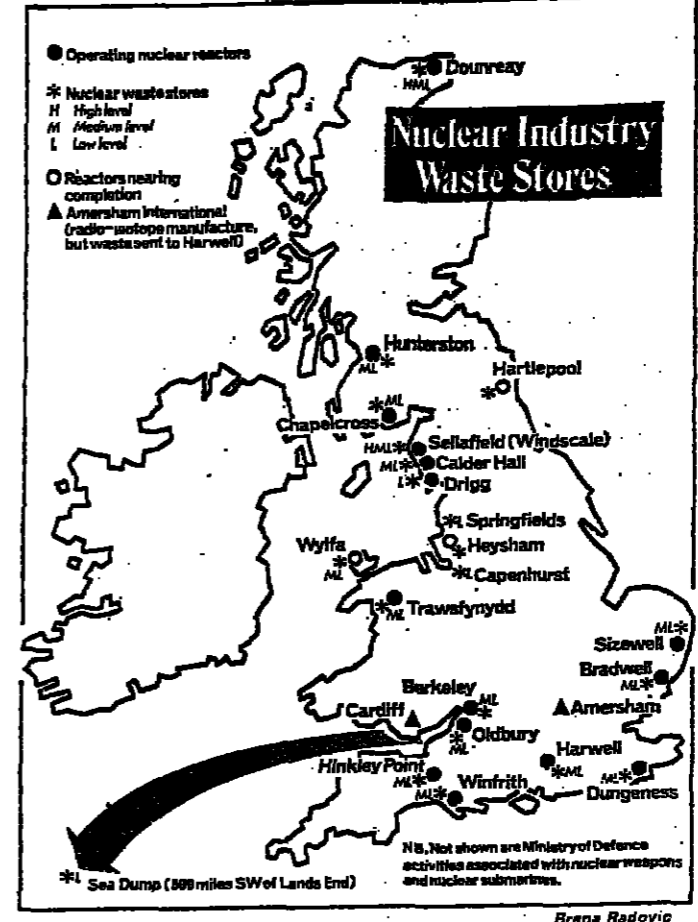


The UKAEA's Sellafield reactor: dismantling project under way

PROSPECTIVE NIREX WASTE REPOSITORIES

Table with 3 columns: Facility, Description, Commissioning date. Lists various sites like Land 1, Land 2, Land 3, Land 4, Land 5, Sea 1, and Sea 2 with their respective descriptions and dates.

Courtesy: Department of the Environment



Brna Radovio

The Government has resisted political pressure to follow the advice of the Flowers report on "Nuclear power and the environment" in 1976, and create a new quango "with responsibility for the safe disposal of all waste arising at nuclear sites..."

Radioactive waste, or radwaste, as it is known, is an emotionally charged subject with some sectors of the public, much of whose fears can be traced to purple passages in the Flowers report...

Defence waste still 'relatively small'

programme of nuclear fission until it has been demonstrated beyond reasonable doubt that a method exists to ensure the safe containment of long-lived, highly radioactive waste for the indefinite future...

Yet radwaste holds few terrors for the waste disposal industry, accustomed to such deadly industrial dross as sodium cyanide, arsenic and blue asbestos. Unlike nuclear wastes, these poisons do not lessen in toxicity with time...

west of Land's End with a 2,697-tonne cargo of entombed trash slightly contaminated with plutonium. If buried on land this kind of waste requires special—and costly—provisions to ensure public safety...

By the end of the century it will amount to about 1 per cent by volume of the total UK radwaste. Nevertheless, Britain is expected to have accumulated about 10,000 steel bottles, like milk churns, filled with radioactive glass made in a 2,900m vitrification plant at BNFL's building at Sellafield...

Other opportunities opening for the private sector lie in the retrieval, treatment and preparation for burial of the radwaste now in store around Britain. New techniques are being developed in Britain for "packaging" radwaste bottles and sludges in cement or plastics to facilitate transport and burial...

Mr Ginniff has no illusions about it being easy to find radwaste repository sites. A national campaign by environmentalists opposing geological testing (boreholes) made that plain, if he is to cope with the estimated outpourings of radwaste he will need to apply for planning permission for both repositories in the next year or two...

nuclear sites—such as the clay deposits on which Harwell stands. But this could leave the nuclear industry vulnerable to the charge that it was simply letting its poisons pile up in its own backyard, Mr Ginniff says. Instead, he has started talking to industrial waste operators about the sites already licensed for toxic and hazardous wastes...

End of the pear-shaped plant

do not include figures for reactors which have been dismantled. The CEGB has begun to plan for the day when it will start dismantling its first nuclear stations. It has just published an estimated cost range of £150m-£270m to raise a Magnox station in the ground, depending on how quickly it is asked to do it...

Men & Matters

Back room boys

Whitehall's quest for efficiency is continuing apace. A new study has been authorised into the organisation of the government's sprawling economic service. And the Treasury is cutting back on staff...

Bonn's card

In the spring—on April 1 to be exact—the Frankfurter Allgemeine Zeitung newspaper reported that the ageing but active West German diplomatist Dr Edmund P. Draecker had pulled off yet another coup. He had hoisted the West German flag on an Antarctic iceberg of strategic importance...

Dixon, who, like Davies is a former secretary to Denis Healey at the Treasury to Denis Healey at the Treasury to Denis Healey at the Treasury...

Easy riders

British Atlantic Airways, British's newest airline, is rapidly developing a taste for attempting things other airlines have never tried. First there was the Falklands air service. That was proposed by British Atlantic's managing director, Mr Randolph Fields...

Standing up

Here's a question for those who are hired to spot future profit-makers. Between five and 10 years ago did you send a memo to the boss saying that people of all ages would be seen to stand up on beach surfboards and propel them with sails that a £120m a year worldwide business would exist by mid-1982?

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Observer

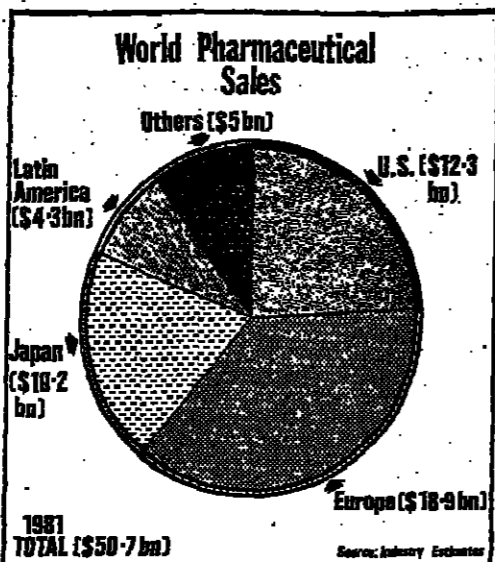
U.S. PHARMACEUTICALS

The big switch in R and D

By Richard Lambert in New York

THE WORLD is on the brink of a new era of drug research and development, according to Merck and Co., one of the largest U.S. pharmaceutical companies. In the words of Dr Roy Vagelos, who runs Merck's research effort: "I believe science has never offered opportunities that equal those now at hand for developing drugs to cure or prevent many of the most serious and widespread diseases that afflict humanity."

Even for a layman, there is an atmosphere of barely suppressed bustle and excitement at Merck's New Jersey research base. In the next few years, the company will be bringing out a string of new products that will, according to Mr John Horan, the chairman and chief executive, sustain a faster rate of growth in sales and earnings in the 1980s than that seen in the last five to ten years. Merck's net income last year was just less than \$400m, up from \$151m in 1972.



Mr John Horan (right) Merck's chairman: "We want enough size and strength to lead the way"

Behind this optimism lies a substantially increased investment in research and a whole new approach to the design and development of drugs. Through the 1970s, the company's research expense averaged around 8.5 per cent of sales. This year it is expected to rise by around a fifth to 9.38m—approaching 11 per cent of sales. And the leading edge of all this investment has been switched from chemistry to the life sciences.

The stakes are high—and so are the potential rewards. A successful product can generate sales around the world of well over \$100m a year. Tagamet, a treatment for stomach ulcers, made by Smith Kline, was the top revenue-earner last year with sales in the major international markets topping \$640m. Merck's biggest selling product is Aldomet, a drug for treatment of high blood pressure. Its sales in major world markets are put by analysts at \$275m a year, of which some \$140m are thought to be in the U.S.

But the risks which also face the industry have been underlined by the British authorities' recent decision to suspend sales of Opren (sold as Oraflex in the U.S.), an anti-inflammatory drug produced by Eli Lilly, pending a review by the Committee on the Safety of Medicines. The company sub-

sequently decided to suspend U.S. sales of the product. Many of the breakthrough advances on which modern pharmaceutical science is based came in the period following World War II. "It was a golden era," says Mr Horan—and one in which the innovations were led by chemists.

But in the late 1960s the productivity of research in the drug industry in general and Merck in particular began to fall off alarmingly. The cost of developing a new drug entity in the U.S. jumped from an estimated \$1.3m in 1960 to \$24m in 1970 and around \$50m by 1980. And the average time span for producing a new product rose fourfold over the period, from two to eight years.

A number of big drug companies began to diversify into other, more immediately rewarding fields. Merck stuck with its traditional businesses, but by the time Mr Horan took over in 1976, some analysts were saying that the company's ageing drug portfolio and unproductive research effort were spelling big trouble for the future.

Yet there was also developing over this period in the universities and research institutes a significant growth in the areas of life science and biological knowledge. One of Mr Horan's first moves was to appoint an outsider as director of research for Merck—Dr Vagelos, a distinguished biologist and physi-

cian from Washington University. That accelerated a major shift in the disciplines governing Merck's research programme—and one which has been paralleled in other big drug companies.

According to Mr David MacCallum of stockbrokers Paine Webber, the switch in emphasis towards the life sciences represents a very significant change in direction for the world's pharmaceutical industry. He says that Merck is in the U.S. sector, and is leading the competition in this respect.

In the earlier years, according to Mr Horan, "Research was to a significant extent a hit or miss affair. You'd find a model in which disease could be simulated like that in man; a large part of the process was actually made up of inducing the disease. Then you would screen literally hundreds of thousands of chemical compounds to see their effect. The only real direction came from the chemist's nose, and to a significant extent the process was based on intuition."

But now research has become a much more rational affair. "Today we can define disease more accurately, having much more knowledge about what happens in the body," says Mr Horan.

Dr Vagelos explains that biochemistry has shown how all reactions occurring in the body

are catalysed and controlled by proteins called enzymes. Scientists seek to discover reactions in the body which, by being abnormal, could be responsible for causing a particular disease. Having done that, they look for a drug to slow down or stop the activity of the enzyme that is involved in the reaction.

Along with an increased understanding of the life sciences have come enormous advances in instruments and measuring systems, which have put powerful new tools into the hands of the researchers—worlds apart from anything that was available until recently. Mr Horan cites, particularly new uses for computers, and computer imaging for studying biological sequences.

A computer aided design system allows Merck's researchers to study molecules from different angles on a terminal screen, and check their likely reaction to new drugs. In another part of the building, analysts use computers to help break chemical compounds down to their most infinitesimal parts.

This approach to research is extremely expensive. "Once you have the right people and the investment to support them, you can guarantee higher research productivity," says Dr Vagelos. But neither come cheaply.

For instance, the company is now building a major centre for basic research just outside

Harlow New Town in the UK. This will concentrate exclusively on the neurosciences—the study of the brain and nervous systems—an area where UK researchers are among the world's leaders. The facility will cost more than £25m to build and will employ over 200 skilled people. Yet according to Mr Horan, "we won't get any products out of that research for at least a decade, unless we are extraordinarily lucky."

Only the very largest companies have the resources to put such large sums at risk for such a long development effort. In the old days, says Mr Horan, a small pharmaceutical business could do some chemical screening and with a lot of luck it might just hit the jackpot. But today it could not hope to compete effectively.

Just about the only area where small companies might make a mark is in DNA technology, where they tend to concentrate on a very narrow field and work on a high risk, venture capital basis. But to maintain a broadly-based research programme is quite another matter.

Since pharmaceutical research is becoming both more expensive and more productive, Mr Horan sees a clear logic in the way that a number of very large companies have recently moved into the market. Procter and Gamble is an obvious example with its recent acquisition in the U.S. of the Morton-Norwich pharmaceutical business for \$71m. Mr Horan also cites the efforts of Du Pont and Dow Chemical to make a bigger splash in the drugs business, and the emergence of powerful European forces like Ciba Geigy. Merck itself has been investing at a hectic pace to update its existing product range and to broaden the base of its drugs business from its existing strengths in antihypertensive, cardiovascular and anti-inflammatory products.

The long term pay-off is expected to be substantial. For example, Mr Horan describes the neurosciences as "a breaking field in pharmaceutical research; we want to get in with enough size and strength to lead the way with new products."

Research in this area has shown that human cells are linked with each other by means of what are called transmitter substances, which are com-

ponents that are released by one cell in order to communicate with another. These transmitters slot into specific receptors on the cells which they are to influence—and both transmitters and receptors are seen as targets for drug discovery. Dr Vagelos says that all the neurological diseases—like depression, dementia, or loss of memory—are caused by chemical aberrations of one kind or another—and it is only a matter of time before they can be tackled.

Most existing drugs for such ailments modify the symptoms but do not cure the disease. Merck believes that all this will change in the foreseeable future. This new era of drug discovery comes at a time when the U.S. authorities are taking a more accommodating line towards new products. Mr Horan says that the U.S. reached a point a few years ago when it became obvious that the bureaucratic process had become so cumbersome that it was no longer serving the public interest.

But there has now been a reaction against this, and the Food and Drug Administration has significantly improved the promptness of its testing. Merck expects that the major drugs of the next 20 years will come mainly from the biomedical sciences—biochemistry, the neurosciences; immunology; microbiology; and molecular biology, which includes genetic engineering. So far only a handful of drugs developed under these disciplines have actually reached the market place. But a growing pipeline of products under development should start to have an important impact in the near future.

WORLD'S TOP 10

ethical and over-the-counter sales

Company	Country
Hoechst	W. Germany
Ciba-Geigy	Switzerland
Merck	U.S.
American Home	U.S.
SmithKline	U.S.
Roché	Switzerland
Pfizer	U.S.
Eli Lilly	U.S.
Sandoz	U.S.
Johnson & Johnson	U.S.

Source: Industry estimates

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Lombard

A casualty of the Beirut war

By James Buchan in Bonn

Of Israel's casualties in this longest of its wars, not the least has been the regard in which it is held by West Germans.

Between a remorseful Germany and an unrelenting Israel, there could never be a healthy relationship. In the period after World War II, Germans saw the debt they felt to Jewry as a debt to the young Jewish state. Israel was untouchable and its special status was as much a part of the post-war German world view as the renunciation of war itself.

Israel's achievements in development struck a responsive chord in a reconstructed Germany. Yet the message that preceded and survived the 1967 Arab-Israeli war, of a tiny state, terrier-like in its defence, gradually gave way in the minds of many Germans to the "strong man armed" that was the Old Testament's judgment on doomed Assyria.

Burden

German reparations and German support continued, but since Mr Menachem Begin came to power in the late 1970s, the relationship has been unpleasant to witness. Any hint of German backsliding has been met with Israeli verbal blackmail or savage personal abuse of Chancellor Helmut Schmidt.

What has happened since June 4 has been little short of a declaration of a new German independence attitude.

At one, perhaps subconscious, level, many Germans feel that Israel's war, and the television pictures of Beirut burning night after night, are releasing them from a part of their burden of guilt.

Last week's edition of Die Zeit compared Beirut not to Dresden or Cologne, destroyed by the RAF, but Coventry, bombed by the Luftwaffe.

Throughout the West German press, with the notable exception of Herr Axel Springer's newspapers, there has been a new tone of agonised debate. The German press has been

much less willing to take Israel at its own estimation. Words like "annihilation" or "genocide" have been used, to the horror of Israeli officials.

At government level, little is changed, as the Israelis rightly point out.

Concept

During the Falklands crisis, Bonn repeatedly stressed a concept known as *verhältnismässigkeit* in the hope of restraining British military action in a war Germany loathed and found hard to understand. The concept means "use of force commensurate with the threat." On the Queen's birthday, I asked a friend at the Chancellery if the concept applied to Israel's actions. "I am afraid not," he said. "We have to operate a double standard."

On June 13, Herr Hans Dietrich Genscher, the foreign minister, called for the restoration of Lebanese sovereignty, which is what the Israelis say they are trying to achieve. As for the Palestinians, the most recent official comment was that they should have some "future perspective" which might mean as little as that they should not all be killed.

"There is clearly a problem of *verhältnismässigkeit* here," another official said to me. "But it is not for the German Government to speak on it."

Sadness

In their despair, Israeli officials have had to rely on Herr Springer, for whom the compensation of Israel is a central tenet. Die Welt, the most solid of his newspapers, recently led its edition with an interview with a former Israeli ambassador to Bonn who noted with sadness an upsurge of "anti-semitism and anti-jewish feeling" in Germany since the beginning of the war.

The charge is losing its sting. "This is not anti-semitism," Die Zeit retorted. "Even Germans are not required to rejoice in the insane empire-building of Israeli extremists."

Letters to the Editor

Property values and jobs in enterprise zones

From Mr A. Holtway.

Sir,—It is foolhardy for the Government to double the number of enterprise zones before it knows if they work. There hasn't yet been time for its agent, Roger Tym and Partners, which is monitoring the earlier EZs to report their success.

It would be a gross waste of the country's resources to increase expenditure on EZs while there is controversy and mounting evidence of their ill effects on the surrounding communities.

Who is going to invest in these areas surrounding the EZs when within a few miles one is able to obtain the EZ benefits, including property free rates, for the next 10 years?

Already there is evidence of "boundary hopping." In Swansea EZ 47 per cent of new firms are re-locations, in Trafford 55 per cent. In the latter, the re-location distance averaging less than five miles.

This will lead to commercial property in the surrounding areas becoming blighted and suffer increasing dereliction. It is likely these areas will become the industrial slums of the future, as firms in these areas will also suffer unfair competition from firms in the EZ.

If the EZ legislation produced more jobs, one might be able to justify the unpleasant side-effects, but in the present flat market with little increase in activity it is doubtful if many new jobs are created, which wouldn't have been created anyway or which aren't subsequently lost in existing firms through having to face unfair competition and/or redundancy due to financing the EZ benefits.

Also the cost per job "gained" is more expensive than at first sight. Clydebank EZ has produced 1,900 jobs costing £1.7m this year in rate support alone—that is, £1,133 per job—but when you take into account that this has to be paid each year for the next 10 years, it becomes £18,058 per job (compounded at 10 per cent inflation). If we are charitable and assume that half these new jobs are genuine new jobs, it is costing the country £36,116 per job in rate support alone.

When you add to the above, all the costs of providing the infrastructure of EZs like admin, buildings, roads and main services (note Corby EZ has spent £4.9m on infrastructure this year); plus the cost of transferring people and firms from one location to another, the cost per job gained by the EZ package becomes astronomically expensive.

If one is sceptical and considers that very few genuine new jobs are created then the cost per job is beyond calculation! Alan Holtway, W. F. Holtway and Bro., 42 Grafton Street, Liverpool 8, Merseyside.

From Mr M. Brookfield.

Sir,—I read with interest Anthony Moreton's article "Response to enterprise zones experiment, please Government" (July 28).

As managing director of a company based in Trafford Park, I am daily reminded by business men located outside the Trafford zone of reduced property values, depressed pro-

perty rents and unfair competition caused by the local zone. The more successful enterprise zones are, the more damaging are the consequences for businesses on the periphery. The Trafford EZ was designated on August 12 1981, and results of the first year's activities reveal a complete distortion of property values, rents and the ability of distributive firms on the outside to compete with these Government subsidised businesses inside.

The local zone developers' rentals are free of any rate additions, because of this property owners on the outside are forced to reduce their rentals by 45 per cent to compete on equal terms. This has resulted in a collapse of property values and therefore assets by 30 to 50 per cent. Some rentals are now little more than a £1 a square foot for locally developed brand new quality constructed units outside the zones.

Of the 800 proposed jobs in the zone and the 45 new and relocated firms the majority are involved in distributive businesses. Occupation inside can mean for a distributive business some 23 per cent to 30 per cent less overheads, and capital cost savings up to 38 per cent, for those building their own depot. To move into a zone there is no need to guarantee any new jobs, be involved in an infant industry or serve any useful purpose in the local economy. You are free to just boundary hop and collect all the rate and tax benefits, and exemption from industrial training levies. M. Brookfield, 17, Coppice Avenue, Sale, Cheshire.

An unattractive monster

From Mr J. English.

Sir,—If the baby has warts, don't treat the warts—kill the baby. Current cost accounting fraud which is infantile, is the only answer? Before the Institute of Chartered Accountants gets around to its next quinquennial attack upon the baby, should we not perhaps be concentrating more upon viewing the alternatives, rather than just gazing at the warts?

There are two alternatives, but only one is "available." Current purchasing power is far superior to CCA, but is no longer "available." CPP was devised by the accountants, but the Government of the day, terrified at the prospect of CPP blowing the gaff and exposing historical accounting for the fraud which it is, smothered it by setting-up Sandilands, which put off the day of enlightenment hopefully for ever but at least until after the next Election. Sandilands, supported by "businessmen" and academics rather than just by practical accountants, in due course fired his monster, which was duly installed in the sleeping baby's nursery.

The accountancy profession was then "invited" by the Government to make the monster some clothes, but with strict instructions that they were not to try to strangle the monster and to re-awaken the baby—they were to strangle CPP and to clothe the CCA monster. They did so.

It is not an attractive monster, but it is still better than the only other alternative, historical accounting. CPP was murdered on Government instructions, but historical accounting lingers on, suckled by an ancient breast in the night's Burass Hill. Historical accounting is the only available alternative, diabolical as it may be in what we must pray to be its death-throes.

The new provisions for the indexation of base values for capital gains tax are clumsy, unfair, and generally dreadful. But they at least give some relief, and with half-a-loaf being better than no bread, I prefer them to the old system. I don't love them, but I prefer them. Opposing them just because they are "not perfect" smacks more of petulance than of intelligence. CCA is not perfect but it is better than historical accounting. I don't like the monster, but I prefer it, warts and all, to going back to the dark ages. Jeffrey English, Willis Parsons English and Co., Sun Alliance House, Dean Park Crescent, Bournemouth.

Whisky industry not gloomy

From the Chairman, Information Committee, Scotch Whisky Association.

Sir,—Your Diarist's "man who monitors the facts and figures pertaining to British drinking" (August 3) accuses the liquor trade of talking itself into a mood of despondency. This is certainly not true of the Scotch whisky industry although it might be thought that your Diarist and his man, do the job for us when they insist on drawing sweeping conclusions from one month's Customs and Excise returns.

It really is time your man learned that one cannot draw realistic and worthwhile conclusions on the basis of one

month's figures. It is time too that he put his facts in perspective. He states that January releases of Scotch whisky were 40 per cent down compared with January 1981. He does not say, however, that withdrawals for January 1981 were exceptionally heavy—54 per cent up on the previous January—or that January 1982 figures were 53 per cent higher than those for January 1979. Could we remind him that 1979 was our best year in the home market in living memory. Donald Mackinlay, 17 Half Moon Street, W.1.

Promote union mergers

From Mr W. Grey.

Sir,—While preparing to pilot

his second trade union reform Bill through the present Parliament, couldn't Mr Tebbit spare a thought for the pressing need to promote union mergers?

The recent rail dispute has demonstrated the weakness of our still far too fragmented union structure. Competing countries, moreover, seem none the worse off for having unions organised on an industry-wide basis.

Alternatively, if this particular case does not lend itself to legislative treatment, then let the Government, TUC and CBI join forces to devise other more suitable means of knocking recalcitrant heads together. W. Grey, 12, Arden Road, Finchley, N3.

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Companies and Markets

UK COMPANY NEWS

MINING NEWS

Martin Ford PLC

Famous for Separates

Interim unaudited results for 26 weeks ended 29th May, 1982.

	Half-year 1982	Half-year 1981	Year 1981
Turnover (including VAT)	3,516,240	3,587,569	7,070,194
Profit, before Tax	91,439	43,673	101,087
Taxation	47,399	7,978	64,519
Profit, after Tax	44,040	35,695	36,568
Extraordinary Credit (Note)	95,278	-	114,738
Profit after	139,318	35,695	150,968
Dividends	38,000	-	101,562
Earnings per Share (based on Profit after Tax)	0.22p	0.23p	1.06p

Note: The Extraordinary Credit represents a profit arising on the disposal of property (1981 - loss).

The Directors are pleased to be able to report an improvement in profits earned in this interim period. Trading conditions remain erratic, but encouragement can be gained from the improved results and the Directors are hopeful that further advances will be made in the second half of the year.

Accordingly, they have decided to recommend the declaration of interim dividends with the payment of 0.25 pence per Ordinary Share (1981 - Nil). For 1981, a final dividend only was paid at the rate of 0.65 pence per Share.

The interim dividend now declared will be paid on 8th October, 1982 to those shareholders on the register at close of business on 3rd September, 1982.

Horizon Travel £1.44m ahead after six months

LARGELY BECAUSE of record carryings in the past Winter first half taxable profits of Horizon Travel advanced sharply in 1982/83. The group is the second biggest Winter operator.

The directors warn, however, that the first half results are never indicative of the full year outturn and that the net interim dividend, up from an adjusted 0.575p to 0.8p per share, does not necessarily indicate a comparable increase in the final payment. Half year stated earnings per share rose from 0.79p to 2.25p.

For 1980/81 this air holiday and travel agent group paid dividends totaling 3p, after allowing for a one-for-one scrip issue, from pre-tax profits of £13.35m.

It is pointed out that holidays sold for the current Summer are again at record levels and that the increase is expected to carry some £30,000, an increase of about 10 per cent on last year.

However, recent strong bookings are not offset by relatively poor trading conditions in May and June and as a result, the overall Summer load factor will be below 90 per cent with a corresponding effect on profitability.

At present, next Winter's bookings are marginally below those of the same time last year although in the last few weeks new reservations have been "markedly up" and the directors expect the group to shortly overtake the comparable position of a year ago.

The group's market share continues to increase and the introduction of Glasgow, Newcastle and Bristol to its 1983 programme should add impetus to this growth, the directors say.

They add that current trends suggest that profits for the year to November 30 should slightly exceed last year's level.

First half turnover, covering the six months to May 31, expanded by £11.87m to £40.46m. Tax paid rose from £382,337 to £1.14m leaving net profits of £945,948 (£288,456) to which minorities added £5,987.

Dividends will absorb £335,081, against £242,880 previously.

The directors say that as stated in the 1980/81 annual report bookings for winter 1981/82 were an all-time high at 107,000—15 per cent up on the previous winter.

Against an overall market reported to be some 4 to 5 per cent down, present bookings for summer 1982 amount to 314,000, against 277,000 at the equivalent date last year—just over 10 per cent up on a seasonally adjusted basis.

Bookings for Gatwick departures show 60 per cent growth.

The group's overall market share has increased and it is now the third largest operator in the UK.

Although it is comparatively early in the booking season, bookings for winter 1982/83 are approximately 2,000 less than at the same time last year but the current weeks inflow of bookings is higher than last year. Bookings for winter sports are a third up. Gatwick bookings have increased considerably, and bookings from the new departure point of Bristol are satisfactory, with 20 per cent capacity sold.

Industry figures suggest that the group achieves more winter bookings from Bristol than any other operator.

The profit contribution in the half-year from Orion Airways was substantially increased. Aircraft utilisation in the December/May period averaged over nine hours per day.

The occupancy level at the Hotel Indale reached 100 per cent in May and again in June. The El Morosero reopened in March and although occupancy levels have been lower they are now improving. The Lord Nelson, Minorca, reopened in May—the occupancy level in June was 100 per cent.

Construction is progressing at the Pueblo Indale, Majorca, with the three-storey elevations surrounding the central square having been erected and "topped out". The first six-unit apartment block has also been completed and furnished.

The first phase, consisting of 78 accommodation units, restaurants, shops and the main square, will be completed in early 1983 and marketing will take place on the Spanish market next summer. The second phase will be completed in 1984 and Pueblo Indale will feature in the group's summer 1984 brochure.

A statement on the results said that low bookings between mid-May and mid-July had probably cost around £5m in terms of profits for the current financial year.

The unlikely combination of

Australian mines step gingerly to cut costs

ALTHOUGH Australia's mining industry is suffering like others in the world from the weakness of metal markets, it has so far been able to avoid the severe mine closures and lay-offs of employees that have become commonplace in Canada and the U.S.

But with companies going deeper into the red, Australian mining is urgently having to find ways of tackling the problem of rising costs.

It is still, however, setting its face against full-scale closures of mines with the consequent redundancies in the workforce which would bring severe political and labour union problems.

Western Mining has thus taken the decision to freeze salaries of executive and staff members until at least next June when the position will be reviewed.

As far as the production workers are concerned the company has achieved a small, but perhaps significant, step in getting them to agree to a moratorium on the claim for a shorter working week.

Sir Arvi Purbo, the Western Mining chairman, said: "Our problems arise partly because of very depressed markets for our products and partly from costs in Australia which continue escalating without regard to the world around us."

Meanwhile, the tin-producing Aberfoyle has become another operation in Tasmania to announce temporary closures of operations. Its Cleveland and Ardlethan tin mines are to shut for six weeks in December-January in order, it is stated, to help slow the rate of financial loss and to avoid widespread staff lay-offs.

An Aberfoyle spokesman said that there were no plans to reduce output at the company's high grade Que River silver-lead-zinc mine in which Paranga has a 10 per cent stake.

As already reported, the Consolidated Gold Fields group's Renison mine in Tasmania has also been hit by low tin prices and the export sales, quotas imposed by the International Tin Agreement.

In order to avoid laying-off employees it intends to carry on at the existing production rate and to stockpile the surplus output. It also plans to close for a month at the end of the year and to heavily cut down on capital spending.

Two temporary closures, each of one month, are planned for the group's Ince-making Mount Lye copper mine, making Mount Lye copper mine.

Whether such moves will be sufficient to tide the various companies over until the hoped-for recovery in metal markets comes about, however, remains to be seen.

Botrest losses grow heavier

THE PLIGHT of Botswana RST's (Botrest) Selebi-Phikwe copper-nickel mine in Botswana, worsened further in the first half of this year. Operating profits dropped to 3.8m pula (£1.8m) from 9.1m pula in January-June 1981 and the accumulated deficit climbed to 216.7m pula from 143.8m pula at the end of December, reports Bernard Simon from Johannesburg.

The mine, whose main shareholders are Anglo American Corporation and Amax, is clearly being kept in production for political reasons only. It is the largest private sector employer in Botswana and a key source of foreign exchange.

Botrest's main shareholders and creditors agreed to an extensive restructuring of the company's debt earlier this year, including emergency funding from the Botswana Government.

Earnings have suffered from the continuing decline in prices for the mine's products, copper, nickel and cobalt. According to the directors, "the intense competition for sales in this depressed market has caused producers to sell at less than list prices."

The fall in prices has been partly offset by the decline of the pula against the U.S. dollar. Its last quarterly distribution

Exchange rate benefits on sales should be more marked in the second half of the year since the pula was devalued by 10 per cent in May.

On the other hand, the devaluation has increased the cost of Botrest's foreign loan repayments, pushing up foreign exchange losses to 36.6m pula in the past half-year from 8.2m pula a year ago.

The directors say they are confident that the debt restructuring will enable the mine to continue operating "for many years," provided a reasonable level of world metal prices is achieved.

A FALL of 71 per cent in first half earnings has been sustained by Benguet, the major producer of copper and gold in the Philippines, reports Lew Gonzalez from Manila. Net income dropped to pesos 31.1m (£2.12m) from pesos 107.5m in the same period of last year.

Benguet produces gold with silver by-product at its own property in Ilogon (Benguet Province, Northern Luzon), copper with gold and silver by-products at the property of Dion Mines in San Marcelino (Zambales Province, West Central Luzon) which it operates under contract, and chromite in the property of Consolidated Mines in Masinloc which Benguet also operates under contract.

Benguet profit down by 71% in first half

A FALL of 71 per cent in first half earnings has been sustained by Benguet, the major producer of copper and gold in the Philippines, reports Lew Gonzalez from Manila. Net income dropped to pesos 31.1m (£2.12m) from pesos 107.5m in the same period of last year.

Benguet produces gold with silver by-product at its own property in Ilogon (Benguet Province, Northern Luzon), copper with gold and silver by-products at the property of Dion Mines in San Marcelino (Zambales Province, West Central Luzon) which it operates under contract, and chromite in the property of Consolidated Mines in Masinloc which Benguet also operates under contract.

Hudbay interim loss of C\$38m

THE Anglo-American Corporation group's Canadian arm, Hudson Bay Mining and Smelting reports a second quarter loss of C\$14m (£8.6m) which makes a loss of C\$38m for the first half of this year. There was a profit of C\$8.3m in the same period of 1981.

Not surprisingly, Hudbay has decided not to declare the quarterly dividend which is normally paid in September. The company also omitted the dividend normally paid in June.

The last quarterly distribution

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Aug. Last	Nov. Last	Vol.	Feb. Last	Stock
GOLD C	828	2	18	-	-	8386.80
ABN C	5350	-	19	21	-	-
GOLD C	8276	-	20	12	-	-
GOLD C	8400	-	15	6.50	-	-
GOLD P	8300	-	5	21	-	-
GOLD P	8325	15	15A	5	18	-
GOLD P	8350	-	-	24	-	-
104 NL 81 87.91	-	-	-	-	-	-
C	F.110	101	2.80	-	-	F.112.40
C	F.115	-	-	1	0.80	-
C	F.118.50	150	1	-	-	-
104 NL 80 86.95	-	-	-	-	-	-
C	F.100	5	1.70	-	-	F.101.70
C	F.105.50	-	-	10	1.50	-
114 NL 88 88.92	-	-	-	-	-	-
C	F.108.50	-	150	1.70	-	F.109.50
ABN C	F.850	80	5.80	-	-	F.867
ABN C	F.850	80	5	6.15	-	-
ABN C	F.855	12	1	1	-	-
ABN C	F.860	68	8	-	-	-
ABN C	F.865	1	1	-	-	-
ABN C	F.870	1	1	-	-	-
ABN C	F.875	1	1	-	-	-
ABN C	F.880	1	1	-	-	-
ABN C	F.885	1	1	-	-	-
ABN C	F.890	1	1	-	-	-
ABN C	F.895	1	1	-	-	-
ABN C	F.900	1	1	-	-	-
ABN C	F.905	1	1	-	-	-
ABN C	F.910	1	1	-	-	-
ABN C	F.915	1	1	-	-	-
ABN C	F.920	1	1	-	-	-
ABN C	F.925	1	1	-	-	-
ABN C	F.930	1	1	-	-	-
ABN C	F.935	1	1	-	-	-
ABN C	F.940	1	1	-	-	-
ABN C	F.945	1	1	-	-	-
ABN C	F.950	1	1	-	-	-
ABN C	F.955	1	1	-	-	-
ABN C	F.960	1	1	-	-	-
ABN C	F.965	1	1	-	-	-
ABN C	F.970	1	1	-	-	-
ABN C	F.975	1	1	-	-	-
ABN C	F.980	1	1	-	-	-
ABN C	F.985	1	1	-	-	-
ABN C	F.990	1	1	-	-	-
ABN C	F.995	1	1	-	-	-
ABN C	F.1000	1	1	-	-	-
ABN C	F.1005	1	1	-	-	-
ABN C	F.1010	1	1	-	-	-
ABN C	F.1015	1	1	-	-	-
ABN C	F.1020	1	1	-	-	-
ABN C	F.1025	1	1	-	-	-
ABN C	F.1030	1	1	-	-	-
ABN C	F.1035	1	1	-	-	-
ABN C	F.1040	1	1	-	-	-
ABN C	F.1045	1	1	-	-	-
ABN C	F.1050	1	1	-	-	-
ABN C	F.1055	1	1	-	-	-
ABN C	F.1060	1	1	-	-	-
ABN C	F.1065	1	1	-	-	-
ABN C	F.1070	1	1	-	-	-
ABN C	F.1075	1	1	-	-	-
ABN C	F.1080	1	1	-	-	-
ABN C	F.1085	1	1	-	-	-
ABN C	F.1090	1	1	-	-	-
ABN C	F.1095	1	1	-	-	-
ABN C	F.1100	1	1	-	-	-
ABN C	F.1105	1	1	-	-	-
ABN C	F.1110	1	1	-	-	-
ABN C	F.1115	1	1	-	-	-
ABN C	F.1120	1	1	-	-	-
ABN C	F.1125	1	1	-	-	-
ABN C	F.1130	1	1	-	-	-
ABN C	F.1135	1	1	-	-	-
ABN C	F.1140	1	1	-	-	-
ABN C	F.1145	1	1	-	-	-
ABN C	F.1150	1	1	-	-	-
ABN C	F.1155	1	1	-	-	-
ABN C	F.1160	1	1	-	-	-
ABN C	F.1165	1	1	-	-	-
ABN C	F.1170	1	1	-	-	-
ABN C	F.1175	1	1	-	-	-
ABN C	F.1180	1	1	-	-	-
ABN C	F.1185	1	1	-	-	-
ABN C	F.1190	1	1	-	-	-
ABN C	F.1195	1	1	-	-	-
ABN C	F.1200	1	1	-	-	-
ABN C	F.1205	1	1	-	-	-
ABN C	F.1210	1	1	-	-	-
ABN C	F.1215	1	1	-	-	-
ABN C	F.1220	1	1	-	-	-
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ABN C	F.1280	1	1	-	-	-
ABN C	F.1285	1	1	-	-	-
ABN C	F.1290	1	1	-	-	-
ABN C	F.1295	1	1	-	-	-
ABN C	F.1300	1	1	-	-	-
ABN C	F.1305	1	1	-	-	-
ABN C	F.1310	1	1	-	-	-
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ABN C	F.1355	1	1	-	-	-
ABN C	F.1360	1	1	-	-	-
ABN C	F.1365	1	1	-	-	-
ABN C	F.1370	1	1	-	-	-
ABN C	F.1375	1	1	-	-	-
ABN C	F.1380	1	1	-	-	-
ABN C	F.1385	1	1	-	-	-
ABN C	F.1390	1	1	-	-	-
ABN C	F.1395	1	1	-	-	-
ABN C	F.1400	1	1	-	-	-
ABN C	F.1405	1	1	-	-	-
ABN C	F.1410	1	1	-	-	-
ABN C	F.1415	1	1	-	-	-
ABN C	F.1420	1	1	-	-	-
ABN C	F.1425	1	1	-	-	-
ABN C	F.1430	1	1	-	-	-
ABN C	F.1435	1	1	-	-	-
ABN C	F.1440	1	1	-	-	-
ABN C	F.1445	1	1	-	-	-
ABN C	F.1450	1	1	-	-	-
ABN C	F.1455	1	1	-	-	-
ABN C	F.1460	1	1	-	-	-
ABN C	F.1465	1	1	-	-	-
ABN C	F.1470	1	1	-	-	-

HIGHVELD

STEEL AND VANADIUM CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
 INTERIM REPORT FOR THE TWELVE MONTHS TO
 JUNE 30 1982 AND DIVIDEND NOTICE

PRODUCTION: Metric tons	12 months to	Year ended
Hot metal	30,632	30,651
	795,243	781,544
Continuously cast blocks		
Blooms	448,600	438,635
Slabs	368,129	309,503
Billets	24,814	39,626
	841,543	837,764
Mill products		
Billets	13,165	17,631
Sections	371,094	406,163
Plate	305,402	264,961
Total	639,661	678,675
Ferro-alloys—Total	149,825	131,048
Carbonaceous products—Total	167,935	213,826
GROUP FINANCIAL RESULTS (R000)		
Turnover	376,703	332,967
Profit before tax	75,204	73,226
Less: Normal tax	21,969	6,829
Defered tax		16,020
Profit after tax	53,235	50,377
Less: Minority interests	1,872	1,673
Attributable profit	51,363	48,704
Taxed earnings per share (cents)	75.7	71.6
Dividends (cents)—first interim	11	10
—second interim	16	10
—final		22

The unaudited consolidated profits of the corporation and its subsidiaries for the twelve months to June 30 1982, before providing for tax and minority interests, but after providing for interest charges of R11,001,000 and depreciation of R24,178,000 amounted to R75,204,000 compared with the R73,226,000 earned in the year ended June 30 1981.

After providing R21,969,000 for deferred tax which continues to be calculated on the deferred method, and deducting minority interests of R1,872,000, the attributable profit increased from the R48,704,000 earned for the same period last year by 6 per cent to R51,363,000. The rate of taxation was again low due to the non-recoupable investment allowances on high levels of capital expenditure.

As reported in the interim report for the six months to December 31 1981, Highveld became a subsidiary of Anglo American Industrial Corporation Limited (AMIC) and as a result, the group's financial year end was changed from June 30 to December 31 and the current financial period will cover the eighteen months to December 31 1982.

In view of this change of year end the board has declared a second interim dividend of 16 cents per share payable in October 1982 at a cost of R10,891,400. The results for the eighteen month period ending December 31 1982 will be announced in February 1983 and at the same time a final dividend for that period will be declared for payment during April 1983. Thereafter the results for the first half of each financial year will be announced during August and it is intended that an interim dividend should be declared at that time for payment during the following October. The results of each financial year will be published during February of each year and a final dividend declared at that time for payment during April.

The crisis in the world steel industry continues with the industrialised countries being most adversely affected. At the end of June 1982 the U.S. steel industry was running at less than 50 per cent of capacity and production was some 35 per cent lower than the same period last year. This was not only due to a drop in US steel consumption, but is also related to steel imports which have increased as the US dollar has strengthened. As a result, US steel companies have brought countervailing duty and anti-dumping cases against steel imports from nine countries including South Africa. Investigations into these cases are well underway and the outcome should be known before the end of August 1982.

Some economists see the US recession as having "bottomed" and are forecasting a better second half year. The indications are that there will be an improvement in steel consumption worldwide in the second half of the year, albeit slight.

South African steel consumption in 1981 was at the same record level of 6.9 million tons as 1980, but as 1982 has progressed the demand has decreased and it is forecast that consumption will be at least 5 per cent down on 1981.

Free world vanadium consumption remained at a reasonable level during the period, but prices and sales of vanadium raw materials continued to be adversely affected by the oversupply situation. In the past 12 months the Australian and Norwegian producers have ceased production, the Finnish producer is considering closure and most other producers are operating below capacity. Highveld continued to operate only one of eight roasting units at the Vantri division.

Transalloys and Rand Carbide continue to operate below capacity as a result of the recession in the world steel and ferroalloy industries.

Group turnover for the period at R376,703,000 was 12 per cent above the turnover for the same period last year and export sales were at a record level of R173,682,000.

The erection of the reversing hot strip mill continues on schedule and it is planned to commission the mill before the end of the current financial period. The erection of the first furnace and three pre-reduction kilns in the second iron plant is also on schedule and the units will commission in February 1983.

Current overseas and local market conditions continue to make forecasting difficult but it is expected that the rate of earnings for the six months from July to December 1982 will be similar to that achieved for the financial period to date and as a result the final dividend for the eighteen month period will be at least equal to the final dividend declared for the financial year ended June 30 1981.

SHARE CAPITAL
 The issued share capital increased from R68,012,770 at June 30 1981 to R68,071,270 as a result of the issue of 58,500 shares in terms of the share incentive scheme.

CAPITAL EXPENDITURE
 The total commitment in respect of capital expenditure was R119,643,000 compared with R161,908,000 at December 31 1981 and R116,983,000 at June 30 1981.

DIVIDEND
 The first interim dividend of 11 cents in respect of the financial period to December 31 1981 was declared on February 8 1982 and paid to shareholders on April 2 1982.

DECLARATION OF DIVIDEND NO. 16 (SECOND INTERIM)
 NOTICE IS HEREBY GIVEN that dividend No. 16 of 16 cents a share, being the second interim dividend in respect of the financial period July 1 1981 to December 31 1982, has been declared payable to shareholders registered in the books of the corporation at the close of business on September 10 1982.

The dividend is payable in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about October 14 1982.

Any changes of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries not later than September 10 1982. Shareholders must, where necessary, have obtained the approval of the South African or any other exchange control authorities having jurisdiction in respect of such instructions.

The share transfer register and register of members will be closed from September 11 to September 24 1982, both days included.

In terms of the Republic of South Africa Income Tax Act 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged unaudited consolidated income statement of the corporation and its subsidiaries for the 12 months to June 30 1982 is contained in the accompanying interim report of the corporation for that period.

For and on behalf of the Board
 W. C. Boustred (Chairman) Directors
 L. Boyd (Managing Director)

Registered Office:
 Portion 29 of the farm Schoonheidsdijk
 No. 308 J.S. District Witbank
 (P.O. Box 113, Witbank 1035)

Transfer Secretaries:
 Consolidated Share Registrars Limited
 62 Marshall Street, Johannesburg 2001
 (P.O. Box 61051, Marshalltown 2107)

Withbank
 August 10 1982

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 Service Index 9.82
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 Portfolio II: Capital Offer 180.25 Bid 180.38

THE TRING HALL
 USM INDEX
 -126.2 (-0.9)
 Close of business 9/8/82
 Tel: 01-638 1591
 BASE DATE 10/11/80 100

LADBROKE INDEX
 538-543 (-7)

PHICOM/TSW
 Phicom has sold their entire holding of 85,250 ordinary shares (27% per cent) of TSW-Televisions South West Holdings at 131p per share.

Companies and Markets BIDS AND DEALS

Newman Industries seeks further financial support

BY RAY MAUGHAN

Newman Industries, the fastenings, engineering and electric motor manufacturer, is arranging terms of further support from its major Singapore-based shareholder, Cycle & Carriage.

Cycle & Carriage injected a badly needed \$5m into Newman in November 1980 in return for equity and loan stock which, on conversion, gives the Singapore shareholder majority control at just over 50 per cent. Now, however, Newman needs more extensive help and approaches are being made to other outside shareholders.

Aid is already at hand from two sources. Finance for industry and the United Kingdom Temperance and General Provident Institution are standing by to provide fresh equity capital provided other investors come in. Midland Bank, Newman's sole clearing banker, is continuing its support.

Newman expects to have completed the canvas of City institutions by the beginning of next month and the proposals will then be put to existing shareholders for their approval. The shares were suspended yesterday at \$2—capitalising the group at just £2.8m—and dealings will remain frozen until the refinancing package is complete.

The accounts for calendar 1981 are now being finalised, Newman announced yesterday, and will be despatched in conjunction with the re-structuring package. The group's debts are under-

stood to stand at over £30m and shareholders' funds are thought to have shrunk below £10m.

The transfer of the troubled ceramics businesses of Grindleys of Stoke, Barker Brothers and Cartwright and Edwards to a new holding company, Federated Potteries, cut borrowings by £2.4m (while trimming net assets by about £1.5m) and rid Newman of a chronic loss-maker.

The disposal also introduced Newman to a potentially important new ally. UK Provident, having backed the management team which founded Federated to the extent of taking a 40 per cent holding, met and appear to have been impressed by Newman's manage-

Ward White in new U.S. move

Ward White, the Northamptonshire footwear group, is poised to take another step in its policy of diversifying away from non-specialised manufacturing and into UK and U.S. retailing operations.

The latest move will also add again to the group's growing presence in the U.S., perhaps lifting annual turnover there to over \$100m.

Mr John Sharpe, Ward White's financial director, said yesterday that the group was well advanced in talks to acquire a private shoe retailing business based on the east coast of the U.S. with 44 retail outlets and sales in its last financial year of \$36m.

The name of the prospective subsidiary was not disclosed, pending completion of the talks. Mr Sharpe said this would probably be within weeks, perhaps even days, though no final agreements had yet been reached.

The purchase price is expected to be about \$25m, payable on completion and the balance over three years. Medium term bank loans would finance the acquisition but the

target company is cash rich and Ward White would retain "maximum flexibility" on the future shape of its balance sheet, said Mr Sharpe.

Ward bought Childs Corporation of the U.S. for £7m in 1980 and Kushins Shoes of the U.S. for £4.8m in August of last year. The proposed deal is understood to be larger than either of these and would lift significantly the total overseas share of the group's annual sales, already just under 50 per cent.

Ward's shares closed at 57p, down 1p.

Shackleton and Europa to merge

Shackleton Petroleum Corporation and Europa Petroleum Inc., two parts of the oil exploration empire of Mr Bob Lamond of the Calgary-based Carr Resources, have agreed terms of a proposed merger.

This involves the alteration of Shackleton's authorised capital, the change of name to Shackleton and the acquisition of Europa by Shackleton.

The aim of the merger is to create a larger company with the financial capacity to compete more effectively in the oil and gas industry in North America, the two companies said.

Shackleton is a Canadian public oil and gas company whose shares are listed on the Vancouver Stock Exchange and on the Stock Exchange in London under Rule 163(1e). Europa Inc

is a U.S. public oil and gas company whose shares are not listed on any exchange.

After the merger has been approved, application will be made to list all of the shares of the merged company on the Vancouver Stock Exchange.

The merged company does not plan to participate in oil and gas exploration under current industry and economic conditions. It will use available cash and new equity to acquire producing properties in Canada and the U.S. and for drilling operations on properties in which it already has an interest.

Shackleton had total assets of C\$7.31m on March 31, while Europa had assets of US\$10.89m. Shackleton will consolidate all its issued and outstanding common shares on the basis of one common share for each 10 common shares presently outstanding and the creation of enough common shares so that its authorised capital will be 30m common shares.

Shackleton will then change its name to Europa Petroleum Ltd—the merged company.

Europa Inc. and a wholly-owned subsidiary of the merged company will then be merged into a single subsidiary whereby every 10 shares of Europa Inc. will be converted into 1.5m common shares of the merged company.

Thereafter, Europa Inc. will be a wholly-owned subsidiary of the merged company, and the former holders of Europa Inc. shares and Shackleton shares will hold common shares in the merged company.

Sturla holds 7.5% stake in Greenbank Tst.

Sturla Holdings, the leasing and finance group, disclosed a 7.5 per cent holding in Greenbank Trust yesterday, although the transaction is understood to have taken place over a month ago.

Mr Robert Knight, chairman of Sturla, was careful however to dispel any notion that another attempt to merge with Greenbank had been contemplated.

A deal folded last summer on the failure to agree the terms of a preference share to be issued as consideration, but Mr Knight said that the latest move, executed by Sturla's recently acquired investment vehicle, First Guinness Securities, was undertaken solely as an investment.

Greenbank's major shareholder, Malton Financial Services, also announced the sale of 200,000 Greenbank shares yesterday at 148p per share. All but 8,000 of this stake has gone to Flight Property Group cutting the equity held by Malton, controlled by former stockbroker Mr Tony Rudd, to 26 per cent or 308,000 shares.

Ferranti to acquire Image Data

Ferranti, the electronics group, has reached agreement in principle to acquire the entire assets of Image Data Products of Bristol, which is now in receivership.

Image Data, which employs about 10 people, makes graphical input devices and microcomputer systems. Its main product is a graphical input tablet which allows graphs and charts, handwriting and marks such as ticks and crosses to be fed directly into a computer.

No price has yet been agreed but an announcement has been made so that Image Data's company will be rescued, Ferranti said.

INTASUN PLANS

Intasun Leisure Group has reached an advanced stage in the purchase of Schoolplan Tours.

Schoolplan specialises in inclusive holidays abroad for school parties, with the emphasis on ski-ing. The company also runs adult ski-ing holidays. Schoolplan organises approximately 70,000 holidays a year.

Shareholders will be given more detailed information when negotiations have been completed.

LONDON TRADED OPTIONS

August 9 Total Contracts 2,493 Calls 1,688 Puts 805

Option	Ex'cise	Closing	Vol.	Closing	Vol.	Closing	Vol.	Equity
	offer	offer		offer		offer		close
BP (c)	200	15	43	25	3	24	—	260p
BP (p)	200	7	8	14	38	54	—	—
BP (c)	330	5	3	15	5	24	—	—
BP (p)	280	1	87	13	8	40	—	—
BP (c)	180	21	2	22	16	21	—	187p
CU (c)	130	14	7	12	—	16	—	—
CU (p)	160	3	4	13	—	17	—	—
CU (c)	140	10	2	7	—	—	—	990p
CU (p)	330	70	2	77	—	—	—	—
Cons. Gl'd (c)	360	50	1	55	—	49	—	—
Cons. Gl'd (p)	390	20	7	22	—	22	—	—
Cons. Gl'd (c)	460	20	7	48	—	60	—	—
Cons. Gl'd (p)	430	24	8	52	—	70	—	—
Cons. Gl'd (c)	70	13	5	15	—	—	—	80p
Cons. Gl'd (p)	80	5	1	9	—	11	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
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Cons. Gl'd (c)	100	14	18	16	—	10	—	—
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Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100	14	18	16	—	10	—	—
Cons. Gl'd (p)	80	15	1	7	—	7	—	—
Cons. Gl'd (c)	100							

Anheuser makes \$500m bid for U.S. bakery group

BY PAUL TAYLOR IN NEW YORK

ANHEUSER-BUSCH, the largest brewer in the U.S., is to make an agreed takeover bid worth about \$500m in shares and cash for Campbell Taggart, the Dallas-based group which is the nation's second largest bread and bakery products manufacturer.

The bid, which represents Anheuser's first major attempt to diversify outside the beer industry, was announced jointly by the boards of the two companies yesterday.

Anheuser will pay \$36 a share for 50 per cent of Campbell Taggart. The remaining shares

in the bakery group will be exchanged for new Anheuser convertible preferred stock.

The convertible preferred stock will have a redemption value of \$40 a share, pay a dividend of 9 per cent a year, will be non-callable for five years and convertible into 0.645 of a share of Anheuser common stock. Shareholders will have the option to choose cash or shares subject to proration.

Anheuser, which had sales last year of \$3.85bn, has about 30 per cent of the U.S. beer market. Its main brand, Budweiser, is said to be by far the largest selling beer in the

world. The takeover of Campbell Taggart marks a reversal of its previous product diversification strategy which has concentrated largely on internally developed new products and beer related businesses.

Campbell Taggart, which had sales last year of \$1.26bn and net income of \$41.7m, ranks second after IIT Continental Baking Company, the International Telephone and Telegraph subsidiary. Campbell Taggart's brand names include Rainbo and Colonial bread and the El Chico chain of Mexican restaurants.

Procter and Gamble boosts earnings

By Our New York Staff

PROCTER AND GAMBLE, the leading U.S. household products manufacturer, improved its net earnings by 14.6 per cent to \$165m or \$1.99 a share in the final quarter of its fiscal 1981-82 year ending June 30, against \$144m or \$1.74 a share last year. Sales rose to \$2.98bn, against \$2.58bn.

The fourth quarter earnings include the effects of three accounting changes which boosted earnings by \$3m or 4 cents a share. They resulted in a 16.3 per cent increase in net earnings for the year to \$777m or \$9.39 a share from \$663m or \$8.08 a share. Sales were up 3 per cent to \$11.99bn, against \$11.42bn.

The company said that its earnings from 1981 excluded an extraordinary charge of \$75m from the setting up of a reserve to cover the costs of the suspended sales of its Rely tampons which resulted in final net earnings of \$583m or \$7.17 a share.

Hungary past crisis, says state bank chief

By Our Euromarkets Staff

MR JANOS FEKETE, governor of the National Bank of Hungary, yesterday described the completion of a \$260m special 15-bank club loan for Hungary as "a very courageous undertaking by the British clearing banks, among others."

Mr Fekete, in London yesterday for the signing of the deal, was referring to the participation of the UK leaders in the credit. He went on to say that the help of the world's central banks in the British clearing banks "is a very special and exceptional period."

"We cannot ask the commercial banks to take all the risk," added Mr Fekete. Hungary was new past its crisis of the first few months of 1982, during which there was "a run against our bank."

Hungary's total outstanding foreign currency debt is now around \$8.6bn. Its foreign exchange reserves are at \$600m to \$700m and its 1982 maturing debt—principal and interest—amounts to a similar amount.

Mr Fekete said he "hoped" the Bank for International Settlements (BIS) would approve a \$300m loan to Hungary at its meeting next month in Basle. A total of \$210m of BIS money has been loaned to Hungary so far this year.

The \$260m loan, organised by Manufacturers Hanover Trust, could be "a breakthrough" according to Mr Fekete. "We need your help in business, we need your goods and you need our markets," he concluded.

The fact that 15 banks had been willing to lend to Hungary in a commercial credit was a "demonstration" of good faith and confidence by the West.

Canadian Pacific slide
By Our Financial Staff
CANADIAN PACIFIC, the integrated transportation group which has extensive interests in natural resources and in manufacturing, is continuing to reel under the weight of Canada's economic recession. Second quarter earnings have plunged from C\$119.6m, leaving half-year profits at C\$110.6m, against C\$253m previously.

Per share earnings were C\$1.53, against C\$3.22m for the half-year and 88 cents, against C\$1.66 for the second quarter.

Revenues for the six months totalled C\$628m, against C\$5.9bn last time.

NOTICE TO HOLDERS OF KAO SOAP COMPANY, LTD. 6 PER CENT CONVERTIBLE BONDS DUE 1992
NOTICE IS HEREBY GIVEN THAT:
1. Effective as of June 29 1982, KAO SOAP COMPANY, LTD. has changed its English name to KAO CORPORATION.

How Gulf Oil shocked Wall Street

THE DECISION by Gulf Oil, sixth largest U.S. oil company and the smaller of the seven sisters, to withdraw suddenly last Friday its \$5bn bid for Cities Service, the country's 20th largest oil concern, has left several institutions, investment houses and speculators high and dry.

By some accounts, their losses could total a huge \$300m to \$400m—the biggest losses ever sustained by the investment community on a single stock.

Cities Service has moved to protect its stock price by proposing to buy back about 25 per cent of its outstanding shares. At the same time it claimed it was discussing a merger proposal with another "major American company" and said if the worst were to happen it would liquidate the company. But the losses of some brokers and risk arbitrageurs will be nonetheless substantial.

Before Gulf announced its decision Wall Street had regarded the deal as already in the bag. For more than a year, Cities Service had been a takeover target. After an acrimonious battle with smaller Mesa Petroleum, Cities finally found Gulf to rescue it with a friendly \$63 a share cash and securities bid. Most people expected anti-trust objections to the merger, the first between two large U.S. integrated oil companies, and the third largest in U.S. corporate history. But the consensus was that these problems would be easily resolved and the marriage consummated.

Gulf's offer was viewed as generous. The speculators and brokers jumped in and acquired substantial positions in Cities Service. They paid between \$40 and \$60 a share, expecting to make a tidy profit by cashing in their shares at the Gulf offering price. In all, between 15m and 20m Cities Service shares were acquired

by Wall Street professionals. These professionals were streaming up the wall yesterday claiming, like Cities Service's management, they were astounded, shocked, stunned and disgusted by the Gulf surprise move, which apparently also took by surprise the investment advisers of Cities Service.

Gulf claimed it was unable to go ahead with the deal because of the tough approach of the Federal Trade Commission, the U.S. Government anti-trust watchdog, was adopting towards the proposed merger. The FTC said it would only clear the deal if Gulf shed a substantial number of assets, including a major oil refinery.

Horizontal mergers, whereby two companies with similar types of operations competing in basically the same markets attempt to combine their business, are unacceptable. On the other hand, vertical mergers, however large, now have the Reagan blessing.

These mergers, which extend or complete a vertical chain of integration of two given companies, are no longer deemed as posing an anti-competitive threat. This was the reason why Du Pont was able to acquire Conoco last year in a \$7bn deal which is still the largest ever acquisition in the country's history.

Thus the stock market miscalculated and misjudged the new anti-trust policies of the Reagan administration. So did Gulf, apparently. Beyond the immediate impact the FTC has had on the Gulf-Cities Service deal, the events of the last few days have more far-reaching consequences. In large measure, the collapse of the Gulf deal has put the lid, for the time being at least, on major oil company takeovers. Cities Service may well seek another partner, but its search is more likely to be focused on a company other than a major oil concern.

For the market, the Gulf decision has been all the more devastating because the megadollar bid was one of the few bright spots in an otherwise depressed stock market. The Dow industrial average, down below 800 and little prospect of a rally. As a result, many more professionals played the Gulf game in the absence of any other major action in the market. It also seemed a pretty safe bet.

But even the most obvious deals are risky. If the Gulf-Cities Service saga has taught the market anything, it is that you can never take anything on Wall Street for granted until you have got the money in your pocket.

parties expressed eagerness to consummate the marriage as soon as possible and co-operate in overcoming any anti-trust difficulties. But even in these days of more accommodating anti-trust enforcement, the FTC was clearly worried by the merger, which would have set an important precedent in U.S. corporate history. Major oil company mergers have traditionally been hot political issues. Barely two years ago they would have been unthinkable, but the Reagan era was expected to change all this. The oil companies, especially Mobil, decided to test the new anti-trust climate, but so far they have failed to pull off one big merger.

The new anti-trust guidelines are by no means as loose as they may seem superficially. The core of the Reagan philosophy is based on the concept of horizontal and vertical mergers.

What ever the merits of the argument, the collapse of the merger does reflect a tougher anti-trust policy on the part of the FTC than had been expected. It is clear that the FTC indicated it would seek to block the deal. However, there was widespread optimism that the FTC objections would not torpedo the whole deal and that the two companies would be able to get round the agency's objections.

This optimism was further enhanced by the generally more lenient approach to anti-trust policy by the Reagan Administration, which only recently issued new anti-trust guidelines indicating it would no longer object to a combination of two

companies solely because of their size. "Big is not necessarily bad," has become a favourite slogan of the new generation of anti-trust busters.

The anti-trust authorities had previously blocked two attempts by Mobil to acquire another major integrated oil company—first Conoco, then Marathon Oil. But Gulf was thought to stand a better chance than the rival oil giant. Mobil, on both occasions, was making hostile bids. In turn, this meant a direct challenge from the other oil company leading to bitter litigation and the dredging out of the most obscure aspects of anti-trust litigation.

Gulf, on the other hand, was making a friendly bid, and both

parties expressed eagerness to consummate the marriage as soon as possible and co-operate in overcoming any anti-trust difficulties.

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day, mainly among seasoned investors. New issues have traded poorly over the past few days and the Du Pont 144 paper was quoted yesterday at 97 to 97 1/2 compared with an issue price of par. Deutsche Bank's 144 per cent bond hit a low of 98 yesterday before recovering to a bid price of 98 1/2 last night.

The Euro D-mark bond sector fell 1/2 to 1 point yesterday and the Swiss franc sector was down 1 point in moderate trading. A seasonal bond is being arranged for Eldorado Nuclear, the Canadian group, through Dalwa Securities. The 10-year issue bears a coupon of 8 1/2 per cent at a price of 98.80 to yield 8.56 per cent.

Eurocurrency bank credits fall

BY WILLIAM HALL, BANKING CORRESPONDENT

THE VOLUME of new Eurocurrency bank credits in the first half of 1982 is some 13 per cent down on the previous half year. Preliminary data for July—\$5.5bn in new Eurocredits—shows a further reduction in the rate of new lending.

Fresh evidence of the sharp slowdown in the growth of international bank lending is contained in the August issue of Morgan Guaranty's World Financial Markets and comes less than a fortnight after the Bank for International Settlements (BIS) released data which showed a sharp deceleration in the growth of international bank lending in the first quarter of 1982. The Morgan Guaranty figures are not as comprehensive as the BIS figures, but they are more up to date.

Morgan says that the slowdown in international lending and the hardening of credit terms reflect a general assessment that the risks involved in international lending have increased.

The banks say that several factors have contributed to increased risks. The world

Table with 3 columns: Country, \$bn, % due in one year or less

Table with 3 columns: Country, \$bn, % due in one year or less

economic slowdown is proving to be more extensive and longer lasting than expected. Primary producers have been particularly hard hit by a drop of a third in non-oil commodity prices from their 1980 highs. High interest rates have substantially increased the debt service costs for many developing countries whose export prices have been declining. Quite a few borrowers have half or more of their

debts falling due in one year or less with the result that such countries "have limited ability to withstand even a temporary disruption of their access to credit markets."

Morgan also notes that various political developments have added to the general perception of increased risk. In particular, Poland's difficulties "have had a very sobering effect on the international banking community."

Despite the increased risks it is important to keep the present situation in perspective and not cut lending too rapidly, says the bank.

"By precipitously withdrawing credit now, banks could worsen the external payments difficulties and thereby the credit risks against which they are trying to protect themselves. Moreover, such action, especially if taken simultaneously by a large number of banks with respect to individual countries, or to whole groups of countries, could force many borrowers to adjust too rapidly. The consequent reductions in imports could have a cumulatively depressive impact on the world economy."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18.

U.S. DOLLAR STRAIGHTS Issued Bid Offer day week Yield

Table of U.S. Dollar Straights with columns: Issued, Bid, Offer, day, week, Yield

OTHER STRAIGHTS Issued Bid Offer day week Yield

Table of Other Straights with columns: Issued, Bid, Offer, day, week, Yield

FLOATING RATE NOTES Spread Bid Offer Cdn. Capn. Yield

Table of Floating Rate Notes with columns: Spread, Bid, Offer, Cdn., Capn., Yield

CONVERTIBLE Bonds data price Bid Offer day Prem

Table of Convertible Bonds with columns: Bonds, data, price, Bid, Offer, day, Prem

* No information available—previous day's price. † Only one market maker supplied a price. Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over once a week earlier. Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown in minimum. Cdn.—Date next coupon becomes effective. Spread—Margin above next coupon offered rate (3 three-month; 5 above mean rate) for U.S. dollars. C.cpn.—The current coupon. C.yld.—The current yield. Convertible Bonds: Denominated in dollars unless otherwise indicated. Cnv. day—Change on day. Cnv. date—First date for conversion into shares. Cnv. price—Nominal amount of bond per share expressed in currency of share. Prem—Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Widespread falls in Eurodollar bond prices

BY ALAN FRIEDMAN

THE EURODOLLAR bond market saw prices fall by 1/2 to 1 point last night after a day of nervous trading. The day began with prices marked down by as much as one point on the back of Friday's disappointing U.S. M-1 money supply figures and continued new issue indigestion. But prices recovered later in the

day, mainly among seasoned investors. New issues have traded poorly over the past few days and the Du Pont 144 paper was quoted yesterday at 97 to 97 1/2 compared with an issue price of par. Deutsche Bank's 144 per cent bond hit a low of 98 yesterday before recovering to a bid price of 98 1/2 last night.

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U.S. \$ 50,000,000 SUMITOMO FINANCE (ASIA) LIMITED (Incorporated with limited liability in the Cayman Islands) 15 1/2 % Guaranteed Notes Due 1989 Unconditionally guaranteed as to principal and interest by THE SUMITOMO BANK, LIMITED (Kabushiki Kaisha Sumitomo Ginko) (Incorporated with limited liability in Japan) SUMITOMO FINANCE INTERNATIONAL BANQUE PARIBAS BANK OF AMERICA INTERNATIONAL LIMITED BANKERS TRUST INTERNATIONAL LIMITED BANQUE NATIONALE DE PARIS CHASE MANHATTAN CAPITAL MARKETS GROUP CITICORP INTERNATIONAL GROUP CREDIT COMMERCIAL DE FRANCE CREDIT SUISSE FIRST BOSTON LIMITED DAIWA EUROPE LIMITED DRESNER BANK AKTIENGESELLSCHAFT MERRILL LYNCH INTERNATIONAL & CO. MORGAN STANLEY INTERNATIONAL SALOMON BROTHERS INTERNATIONAL J. HENRY SCHRODER WAGG & CO. LIMITED SOCIETE GENERALE DE BANQUE S.A. SWISS BANK CORPORATION INTERNATIONAL LIMITED S. G. WARBURG & CO. LTD. KAO SOAP COMPANY, LTD. (now called KAO CORPORATION) Dated: August 10, 1982

Ottoman Bank assets sale awaits go-ahead from head of state

By METIN MUNIR IN ANKARA

THE TURKISH authorities are considering a decree which will involve the Ottoman Bank selling 70 per cent of its Turkish business to Turkish interests. It is understood that the decree has been approved by the Turkish Cabinet, but has yet to be signed by Kenan Evren, the Turkish head of state.

The decree, which is believed to have been prepared some three months ago, cannot become effective until it is signed by the Turkish head of state. Mr Desmond Reid, chairman of the London Committee of the 119-year-old bank, confirmed that the decree had been prepared but said yesterday that "it could easily be that it will never be signed."

Under the proposed decree, the bank would operate under the foreign capital law, enabling the foreign partners to transfer their share of their profit abroad.

According to the decree, the Turkish Navy Foundation and Anadolu Holding, a private trade and industry conglomerate, will each acquire 30 per cent of Turkish interests. The remaining 10 per cent will be acquired by as yet undetermined Turkish companies to be found by the Foundation.

The French and British shareholders of the Ottoman Bank will retain 30 per cent of its equity.

The decree stipulates that the capital of the Ottoman Bank be increased from Turkish lire 8m to Turkish lire 5bn (\$28m).

The Imperial Ottoman Bank was established in 1863 by the Ottoman sultan Firman (Edict) and a convention effected between the Turkish Government and the French and British founders. Its function then was to act as a state bank of the Turkish empire. It had the exclusive right of note issue.

In 1925, after the formation of the Republic of Turkey, the bank ceased issuing notes and became a purely commercial institution. In the mid 1960s the bank disposed of its overseas network, selling them to Grindlays Bank.

The bank's legal domicile is Istanbul. The committee of directors reside and meet in London and Paris.

Orders fall sharply at German engineer

By James Buchan in Bonn

EXPECTATIONS this year for Mannesmann Demag, the West German mechanical engineering concern, have been trimmed further after a 19 per cent drop in orders booked during the first six months. The Duisburg concern, which is 90 per cent owned by the Mannesmann pipe and engineering group, saw its profits more than halved in 1981.

Although sales in the half-year increased over 1981's first six months by 12 per cent to DM 1.36bn (\$646m), earnings were unsatisfactory, the company said in a shareholder's letter.

Weak internal demand resulted in a 14 per cent fall in domestic orders booked to DM 424m for this year's first half. More worrying was the 21 per cent drop in foreign orders, to DM 1.06bn.

Orders in hand at the end of June, excluding those with the new subsidiary Mannesmann Demag Sack, were 8 per cent lower at DM 4.52bn, against DM 4.7bn a year earlier. With the Sack orders, the figure was 9 per cent up.

The enfeebling of Demag's export business, which accounted for a full 73 per cent of order intake in 1981, confirms fears elsewhere that export demand in the words of the Ifo Economic Institute, "will not provide the economy with support in the immediate future."

Stewart Fleming looks at the German telephone switching equipment business

Telefonbau treads an uncertain road

TELEFONBAU and Normalzeit, the private Germany company which is the third largest supplier of switching equipment to the West German Post Office, faces a future shrouded in uncertainties concerning the shape of its telecommunications markets and, more immediately, the resolution of the financial crisis at AEG-Telefunken.

The company has just published its annual results for 1981 which show that sales rose 8.5 per cent to DM 1.6bn and profits were 4.5 per cent up at DM 71.4m (\$28.7m). But this historic financial data is of limited long-term significance as last year Robert Bosch, a major German electrical group, bought effective control of T and N from AEG.

Bosch has 75 per cent of the votes in a holding company which owns 41.1 per cent of T and N and an option, indirectly, to take majority control of T and N at the end of the year.

T and N needed the support of Bosch because alone, or in conjunction with its earlier partner AEG, it did not have the financial muscle or the range of expertise to make a strong challenge for the markets opening up for supplying digital electronic machinery for the "office of the future."

The link with Bosch, however, has only brought together directly T and N by international standards a small company in telecommunications terms and Bosch itself which has major interests in consumer electronics but has a growing technical base in micro-electronics.

While the two companies together have considerable weight, they do not add up to a grouping which alone could

quickly make a major impact on the new telecommunications equipment markets. Bosch has ambitions in this fast growing sector however. It has a 20 per cent holding in AEG's telecommunications division and a similar stake in AEG's office products business, Olympia.

These strategic stakes have remained outside the T and N-Bosch axis however, with the big engineering group Mannesmann, for example, also having a 20 per cent stake in AEG's telecommunications operations, reflecting its own ambitions in the office equipment market following its purchase of control of Kleinle, the business machines company.

Observers of the West German telecommunications industry have been scratching their heads and asking when Bosch and Mannesmann would

make the decisive step and try to pull this incoherent group of interests together.

Bosch itself has, at least in public, adopted what can best be described as observer status. Its position is strong enough that should it want to intervene it can always intervene decisively to secure its interests. In the meantime, rather like a vulture which can see that its prey may soon expire, it has been content to watch the agonies of AEG knowing that it may be able to pick up the pieces of a struggle at a later date.

The price of this policy has been that valuable time has been wasted, at least a year, in creating a coherent telecommunications/data processing group with a German base which will be able to compete with the likes of IBM of the U.S.

In its report and accounts T and N places great emphasis on the research and development work it has been doing to prepare itself for the market for digital telecommunications equipment. It points out that it will be at least three years (1986) before the German Post Office has a system in place to meet the digital transmission needs for the office of the future.

This approach runs the risk of overlooking the fact that the task Bosch is addressing requires products and management as well as technology and money. T and N is still insisting that, in some mysterious way, it still have a future as an independent company, a state of mind which scarcely seems conducive to the rapid creation of a management team out of the disparate bits and pieces which lie within Bosch's grasp.

Hino shows its determination to expand in the U.S.

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

HINO, Japan's largest heavy trucks producer, has given up attempts to boost sales in European markets to significant levels. But the company is determined to find a way of penetrating the U.S. market, according to Mr Keiichiro Yamaguchi, managing director, overseas operations.

He acknowledges that the Japanese truck makers have lagged behind the Europeans in the U.S. but says Hino could follow the European lead by seeking a co-operative venture with an American manufacturer.

Or Hino might link with one of the Japanese car producers which has established a good dealer network in the U.S.

Hino considers itself to be "part of the Toyota group" even though Toyota's shareholding in the truck concern is only 9.8 per cent. Toyota is Japan's major car producer and second in the world, behind only General Motors of the U.S. It has a strong presence in the U.S., last year accounting for 6.5 per cent of total car sales there, or 576,500 out of 8.53m.

Hino in the year to March 31, 1981, produced 74,000 trucks and buses. It also produced 240,000 one-tonne pick-up trucks and 40,000 cars for Toyota and these vehicles represented about one-third of Hino's turnover of ¥388.20bn (\$1.49bn).

This represented a 7 per cent increase on the previous financial year but Hino's net income after tax fell 12 per cent to ¥4.68bn.

Mr Yamaguchi says Hino has high hopes of getting into the bus business in the U.S. Two buses were tested by the City of New York last year and in June Hino sent another, built to American specifications for a follow-up test of six to 12 months.

If the test is successful, Hino would be in the running

for orders of several hundred buses a year from New York and would set up a bus assembly plant in the U.S.

Hino already has a small assembly plant in Canada. It delivered only 424 trucks last year. Before the company could penetrate the U.S. market in depth it would have to put its engines through the local emission control and noise control tests.

The Japanese company once planned a truck assembly plant for Europe, to be based in Belgium where it had space available at its parts distribution centre. But that project has been dropped. "There are too many strong European heavy truck manufacturers,"

Last year 593 Hino heavy trucks were registered in Europe, 120 of them in England. The importer and assembler in Ireland has been re-exporting to the U.K. a scheme which neatly circumvents the arrangement whereby the Japanese have undertaken not to export built-up trucks of more than 3.5 tonnes gross weight to the U.K.

Mr Yamaguchi says Hino does not expect the Irish company, J. Harris (Assemblers), to expand its sales in the UK because market conditions are so depressed.

For Europe as a whole, Hino believes that sales of 600 to 1,000 trucks a year is all it can reasonably hope for.

During the past year or so, according to Mr Yamaguchi, all the major European truck manufacturers have sent representatives to Japan to talk to Hino and the other truck makers there to establish an exchange of information about technical matters.

"The Japanese used to go to European motor shows to see what were the new trends in the industry. Now the tide has turned and the Europeans want

to know what is happening in Japan."

The Europeans have been particularly interested in Hino's new highly-automated engine plant at Nitta. The company produced 30,000 engines last year of 30 different types and the Europeans are interested to see how Hino turns out small batches of mixed engines.

Mr Yamaguchi claims that Hino has achieved high production

at Nitta by using a new method of changing tools on the machines, thus cutting the time involved to one sixth of former methods. At Nitta, one man can look after the performance of 10 machines.

Mr Yamaguchi says Hino's growth potential lies in South-East Asia (sales last year 13,673) the Middle East (5,981) and Australia (1,948).

He insists that Hino's long-

term objective is to become the world's largest heavy truck producer in unit terms. It has a long way to go to catch up with Daimler-Benz, the West German group which made 110,000 diesel-engined trucks last year.

Mr Yamaguchi admits Daimler-Benz has "a high level of technology, a long history and a well-established sales network. So it will not be easy. But one day we will do it."

Hero expects to maintain earnings at 1981 level

By JOHN WICKS IN ZURICH

HERO CONSERVEN Lenzburg, the Swiss parent company of the Hero food processing group, expects this year's earnings to reach the same level as in 1981 unless there is a marked deterioration in demand or exchange rates.

Last year net profits rose slightly to SwFr 5.38m (\$2.54m) and the parent paid an unchanged dividend of SwFr 85 a share.

Group turnover rose by 10.9 per cent in the first half of this year to SwFr 245.7m (\$115.7m). The growth came mainly from Swiss operations. Although foreign subsidiaries had substantial growth in sales in terms of local currencies, this was largely offset by exchange-rate changes.

The Italian and Spanish subsidiaries showed a profit in the first six months. Hero Nederland booked sales below budgeted levels and had unsatisfactory earnings despite cuts in costs. No improvement is expected in the coming months.

Sales of Forbo, the international floor-covering group, dropped by 7 per cent in the first half of 1982 to SwFr 290m (\$135.5m). According to a mid-year statement by the Zurich parent company, of the same name, this was the result of a strengthening in the Swiss franc exchange rate, turnover in local currencies having improved over the period by 6 per cent. A share of 59 per cent of group sales was accounted for by floor coverings and linoleum and 24 per cent by carpets.

First half dip at NEBB

By Fay Gjester in Oslo

NEBB, the Norwegian subsidiary of Switzerland's Brown Boveri concern, reports lower profits for the first half of 1982, but expects increased sales in the final six months up to last year's Nkr 31.9m, before tax and extraordinary items.

The half-year figure was Nkr 18m—Nkr 4m less than in January-June 1981. Operating income reached Nkr 761m and orders booked totalled Nkr 744m.

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August 4, 1982

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July 1982

ENERGY RESOURCES & SERVICES INCORPORATED

Net Asset Value
30th July 1982
\$6.56
per share (unaudited)

STOCKHOLDERS FAR EAST INVESTMENTS INC.

Net Asset Value
30th July 1982
\$1.63
per share (unaudited)

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International Public Tender

Shares of COPEC

Compañía de Petróleos de Chile S.A. (CHILEAN PETROLEUM CO. S.A.)

The Corporación de Fomento de la Producción, CORFO (Chile's Production Development Corporation) kindly requests investors to submit offers for the purchase of 84,941,632 shares of Compañía de Petróleos de Chile, S.A. (COPEC), which represents 14.16% of the share capital of the company, of which 45,763,717 shares belong to CORFO and 45,763,717 belong to ENAP (Chile's State Petroleum Company), shares which are under CORFO control.

Rules and Background data covering this tender are available to investors, at Moneda 921, suite N° 822, Santiago, Chile, subject to payment of a \$ 5,000 fee (or US\$ equivalent). Proposals should be forwarded in a sealed envelope, in duplicate, to: Vicepresidente Ejecutivo, CORFO, Moneda 921, suite 825, Santiago, Chile, no later than 10.00 AM, September 27, 1982.

All proposals will be opened before interested parties by CORFO'S Secretary General, who will administer this activity. CORFO reserves the right to accept the offer which, in their judgement, it deems to be in their best interest, or to reject all offers without offering explanations. This tender will be conducted in accordance with the faculties granted by Law Decree N° 1068 of 1975, without being subject to the prescription of Law N° 18045.

MINISTER EXECUTIVE VICE-PRESIDENT
CORFO SANTIAGO, CHILE

Comalco suffers sharp fall in mid-term earnings

BY MICHAEL THOMPSON-NOEL IN SYDNEY

COMALCO, one of the big three Australian aluminium producers, yesterday reported a 68.3 per cent slump in net profits for the six months to June, from A\$13.52m to A\$4.28m (US\$4.2m). The figures include an extraordinary loss of A\$1.4m this year against a gain of A\$1.4m a year earlier.

Gross revenue for the first half was 8.3 per cent higher at A\$364.3m, but interest charges rose by A\$8m to A\$20.42m.

An interim dividend of 1 cent a share has been declared compared with 2.5 cents a year earlier. The directors warned that "it will be at least as difficult to earn profits in the second half of 1982 as it has been in the first half."

The Australian bauxite-alumina-aluminium industries are under a cloud, with several

large-scale projects abandoned or deferred. Last month, Alcoa of Australia deferred a start to the construction of its A\$1bn aluminium refinery at Portland, Victoria.

Comalco said yesterday that the primary metal inventories of the Western world had increased to record levels during the first half of 1982, leading to intense sales competition and a continuing weakening of international prices for primary aluminium and alumina.

Though the weakening of the Australian dollar against the U.S. dollar had provided a "partial buffer" against declining aluminium prices, the company had been forced to absorb heavy cost increases arising from continued high levels of inflation in Australia and New Zealand.

Many wage increases had not

yet worked their way through the system, and would make it difficult for Comalco to maintain momentum in international marketing and new investment, the company said.

The company warned that total production and shipments in 1982 would fall well short of last year's, because of cut-backs in alumina production by long-term bauxite customers in Japan, and increased competition from West Africa.

Comalco's 30 per cent owned Queensland alumina refinery operated at an average of 80 per cent capacity in the six months. Higher operating costs and weakening primary aluminium selling prices had greatly eroded returns from metal sales from the Bell Bay smelter in Tasmania, as well as from the 50 per cent owned Tival Point smelter in New Zealand.

Record results for Tata Iron and Steel

By R. C. Murthy in Bombay

TATA Iron and Steel Company (Tisco), the Indian private sector's largest company ranked by assets, and its only integrated steelmaker, has reported record profits and sales for the year ended March.

Turnover rose by 35 per cent to Rs 7,05bn (\$735.3m) from Rs 5.2bn a year earlier. Pre-tax profits grew by 49 per cent to Rs 778.5m from Rs 528.6m and net profits advanced by 80 per cent to Rs 476.5m from Rs 264.6m.

Mr J. R. D. Tata, chairman, attributed the record year to a number of factors. First, Tisco worked at full capacity in the year producing 1.6m tonnes of steel for sale, an increase of 4 per cent.

Second, Tisco benefited from a full year's impact of the deregulation of bar and billet prices. Third, the Government had allowed higher prices on controlled steel products. Fourth, Tisco received Rs 168.2m in compensation from the Government to help cover steel cost increases in the prior two years.

Tisco maintained its dividend at 15 per cent on capital increased by 40 per cent following last year's bonus issue. It has recommended an additional 2 per cent bonus share issue this year to mark its 75th anniversary.

Mr Tata is not optimistic of repeating last year's results. There are no outstanding sums from the Government for past steel cost escalations and integrating the existing steel plant with facilities such as the new oxygen plant in the first phase of modernisation is expected to result in a marginal fall in production. Also, the steel market has softened and certain categories of steel are being sold at a discount.

Tisco has received Government permission in principle, for its Rs 3bn second phase of modernisation.

BR personnel director

BRITISH RAILWAYS BOARD has appointed Mr John Palette as director of personnel at board headquarters. He is general manager, administration.

The director of personnel post has been created to assist Mr Clifford Rose, board member for personnel. It was planned to come into effect later this year, but has been brought forward because of the temporary absence of Mr Rose through illness.

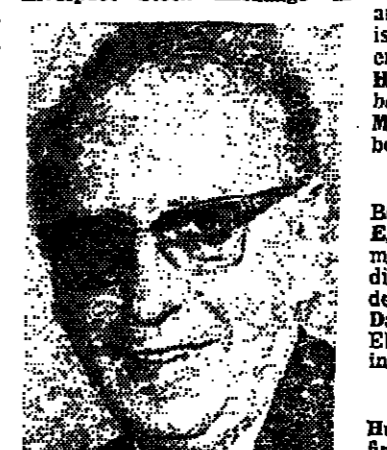
Industrial relations at board headquarters is the responsibility of Mr R. H. Wilcox, director, industrial relations, who will retire at 60 early next year. Mr Palette will work with Mr Wilcox to ensure continuity. Since January, Mr Palette has been directing a review of the structure of administration through out the rail business and securing substantial reductions in its costs. He will continue in this work.

Mr Leonard Ernest Nolan has been elected chairman of the STOCK EXCHANGE—northern unit. The senior partner of Liverpool stockbrokers, Milnes Lumby Bustard, Mr Nolan became a member of the then Liverpool Stock Exchange in 1948.

In the intervening years Len Nolan has held a number of posts, including the chairmanship of NMW Computers—the computer company set up to settle Stock Exchange business.

Mr John J. Hill has been appointed managing director of Eric Britton and Co and Mr Norman A. Orme joins the board of Meldex two companies within the textile division of WHITE CROFT. In the group's building supplies division, Mr John Clayton is appointed managing director of Giddings and Dacre and Mr Ian W. Lowe becomes a director of Rogers and Jackson.

Mr Roger C. Whitbread joins the boards of Randalls Southern Merchants Norland, Mr Len



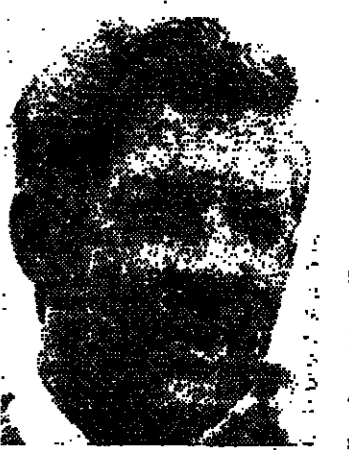
L. E. Nolan, chairman, the Stock Exchange Northern Unit

Howson, Mr Eamonn O'Gorman and Mr David F. Robinson are also appointed directors of Norland, and Mr David J. Valentin joins the board of Randalls Southern Merchants. Mr R. Barry Carson becomes managing director of McCue Dick and Co and Mr J. Stuart Pollock is appointed a director. In the engineering division, Mr Keith E. Hindle and Mr Frank R. Heath become directors of Silcoms and Mr John Haseman joins the board of Moorlite Electrical.

The CENTRAL ELECTRICITY BOARD has appointed Dr David E. Jeffers a director of the transmission and technical services division with responsibility for design. He succeeds Mr Frank Davenport who has joined the Electricity Council as engineering adviser.

CELLTECH has appointed Mr Hugh R. L. Perrott as director of finance. He was with the Thomas Tilling Group as financial director of the health-care subsidiary InterMed.

Mr Don Brown has been appointed area general manager of MIDLANDS BRITISH ROAD SERVICES, and takes over the responsibility of three branches



Mr Don Brown, area general manager, Midlands British Road Services Limited

in Birmingham. He succeeds Mr Allan McPherson who has been promoted to managing director of Midlands BRS.

Mr Peter Ince has joined the board of the Frizzell Group's specialist subsidiary NORMAN FRIZZELL PROFESSIONAL INDEMNITY.

The Secretary of State for Transport has appointed Mr P. E. Lazarus, Permanent Under Secretary of State, DEPARTMENT OF TRANSPORT, in succession to Sir Peter Baldwin, who will retire from the public service in November.

Mr Tony Lynch, company secretary, has left the MERSEY DOCKS AND HARBOUR COMPANY after 25 years service to take a new appointment later in the year. His successor is Mr Bill Bowley a solicitor who joined the company in 1974.

China land deal hits HK shares

BY ROBERT COTTRELL IN HONG KONG

"IF I WERE standing in front of an express train travelling at 90 miles an hour, I'd get out of the way, no matter how sure I was that the train was going to stop in time."

So spoke one recently-bullish Hong Kong broker after seeing the Hang Seng index register its sharpest daily fall in nine months, a 79.75 point plunge through the 1100 barrier to close at a two-year low of 1089.97. The market, it may be feared, has thrown fundamentals to the wind and is trading on its own erratic psychology.

Investors were already nervous about whether China can reconcile sovereignty and prosperity in Hong Kong when Britain's lease on the New Territories expires in 1997. Then the weakening exchange rate of the local dollar against the U.S. currency (it closed yesterday at 16.25 U.S. cents) took the market to the edge of a precipice. A property deal with China knocked HK\$327m off a stock pushed it over. The HK\$1bn

(US\$162m) sale of land to the Bank of China looks on the face of it good news—would China, after all, buy a piece of land if it planned to take it over anyway in the not so distant future?

No, said the sceptical faction, but it is paying not much more than half of what the site would have fetched on the free market. Does China know something about land values in Hong Kong which we don't? And why pay for it over 13 years? If the deal is expected to help confidence along, why not pay over, say, 20, and make it clear the 1997 New Territories lease-expiry date is irrelevant in business terms?

It is precisely because 1997 is irrelevant in business terms, replies the Hong Kong government, that we don't get excited whether it is 13 years or 20 years.

To suggest that finance terms on a bank building could help knock HK\$327m off a stock market trading sideways yesterday indicates the nervousness of the Hong Kong markets. "Ludicrously cheap," said one broker taking a fundamental view of current stock prices. It is cheaper still, if one imagines buying them in U.S. dollars, with the Hong Kong dollar testing its lowest levels against that currency since it cut free of sterling 10 years ago.

However, investors sold the market down 50 points yesterday, went off to lunch, came back, and sold it down some more.

The 1997 question has caught Hong Kong with its guard down—counterbalancing optimism is in short supply.

Clients with fundamentally-minded brokers are likely to be encouraged into the Hong Kong stock market at these levels, and justifiably so. But it is a market now for money which can be affordably lost. The potential long-term gains may be substantial. The short-term outlook is for strong nerves and fast movers.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$150,000,000 Province of Saskatchewan



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- S. G. Warburg & Co. Ltd.
- Wood Gundy Limited


The issue price of the Bonds is 100 per cent. The Bonds have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Bond.

Interest is payable annually in arrears on 15th August, the first payment being made on 15th August, 1983.

Full particulars of the Bonds are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 24th August, 1982 from the brokers to the issue:

Hoare Govett Ltd.
Heron House,
319/325 High Holborn,
London WC1V 7PB

10th August, 1982



Five Arrows Fund N.V.

Established in Curacao (Netherlands Antilles)


Notice of Special General Meeting of Shareholders to be held on August 31, 1982

Notice is hereby given that a Special General Meeting of Shareholders of the Five Arrows Fund N.V. ("the Company") will be held on August 31, 1982 at 10.00 o'clock in the forenoon (local time), at the offices of the Company, 6 John B. Gorsiraweg, Curacao (N.A.), for the purpose of decreasing the authorized capital of the Company to USDfls 125,000.

The official agenda of the meeting may be inspected by all shareholders at the office of the Company as well as at the offices of its agent banks, viz. N. M. Rothschild and Sons Limited, London, L'Europeenne de Banque, Paris, Pierson, Helderling and Pierson, Amsterdam, Pierson, Helderling and Pierson (Curacao), Curacao, Banque Bruxelles Lambert S.A., Brussels, Banque Privée S.A., Geneva, Rothschild Bank A.G., Zurich, International Pacific Corporation, Sydney.

Holders of registered shares shall be entitled to vote at the meeting in person or by proxy. Holders of bearer shares shall be entitled to vote at the meeting on presentation of their share certificates or of a voucher given by any of the Company's agent banks stating that certificates in respect of the number of shares specified in the voucher have been deposited with such agent bank and will remain in deposit until the end of the meeting.

The Managing Director
Intimis Management Company N.V.



AB Svensk Exportkredit

(Swedish Export Credit Corporation)

Floating Rate Notes due 1987 and Warrants to purchase U.S. \$112,500,000 14 7/8% Bonds due 1990

In accordance with the provisions of the Notes, the interest rate for the period 10th August, 1982 to 10th February, 1983 the Notes will carry an interest rate of 13 3/4% per cent per annum.

The amount of interest payable on the relevant interest payment date, 10th February, 1983, will be U.S.\$699.58 per U.S.\$10,000 and U.S.\$69.96 per U.S.\$1,000.

Agent Bank:
Morgan Guaranty Trust Company
London

This announcement appears as a matter of record only.

Sharjah Cement & Industrial Development Co. Ltd.

U.S. \$13,000,000 Medium Term Loan Facility

and

U.S. \$14,450,410 Guarantee Facility


Arranged by
Crocker National Bank

Provided by
National Bank of Bahrain B.S.C.
Crocker National Bank
Crédit Commercial de France
(Bahrain Offshore Banking Unit)

Kuwait Foreign Trading Contracting and Investment Co. (S.A.K.)
National Bank of Sharjah, Sharjah
The Saudi National Commercial Bank-OBU-Bahrain

Agent:
Crocker Bank

June 1982



American Express International Banking Corporation

London Branch
US\$35,000,000

Negotiable Floating Rate London Dollar Certificates of Deposit

Maturity Date: 9th August, 1983


Notice is hereby given pursuant to the provisions of the above-mentioned Certificates of Deposit that the rate of interest (calculated as therein provided) for the next Interest Period (as therein defined) from 11th August 1982 to 11th February 1983 is 14 1/2 per cent per annum.

NATIONAL WESTMINSTER BANK PLC

NIPPON CREDIT BANK (CURACAO) FINANCE N.V.

U.S. \$50,000,000

Guaranteed Floating Rate Notes Due 1990



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by THE NIPPON CREDIT BANK LTD. (Kabushiki Kaisha Nippon Saikan Shinyo Ginko)

In accordance with the provisions of the Notes and the Reference Agency Agreement between the Nippon Credit Bank (Curacao) Finance N.V. and Citibank, N.A., dated February 2, 1982, notice is hereby given that the Rate of Interest has been fixed at 13 1/2% p.a. and that the interest payable on the relevant Interest Payment Date, February 10, 1983, against Coupon No. 2 will be U.S.\$709.17.


By: Citibank, N.A., London, Agent Bank
August 10, 1982

CITIBANK

THE NIPPON CREDIT BANK (CURACAO) FINANCE N.V.

U.S. \$30,000,000

Guaranteed Floating Rate Notes Due 1987



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by THE NIPPON CREDIT BANK LTD. (Kabushiki Kaisha Nippon Saikan Shinyo Ginko)

In accordance with the provisions of the Agent Bank Agreement between the Nippon Credit Bank (Curacao) Finance N.V. and Citibank, N.A., dated February 4, 1980, notice is hereby given that the Rate of Interest has been fixed at 13 1/2% p.a. and that the interest payable on the relevant Interest Payment Date, November 10, 1982, against Coupon No. 11 will be U.S.\$166.91.

By: Citibank, N.A., London, Agent Bank
August 10, 1982

CITIBANK

US \$100,000,000 Merrill Lynch Overseas Capital N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Guaranteed Floating Rate Notes due 1987

Unconditionally Guaranteed by
Merrill Lynch & Co., Inc.

In accordance with the terms and conditions of the above-mentioned Notes and Fiscal Agency Agreement dated as of April 15, 1981, between Merrill Lynch Overseas Capital N.V., Merrill Lynch & Co., Inc., and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 12 1/2% p.a. and that the interest payable on the relevant Interest Payment Date, November 10, 1982, against Coupon No. 6 in respect of U.S.\$5,000 nominal of the Notes, will be U.S.\$165.31.

August 10, 1982
By: Citibank, N.A., London, Agent Bank

CITIBANK

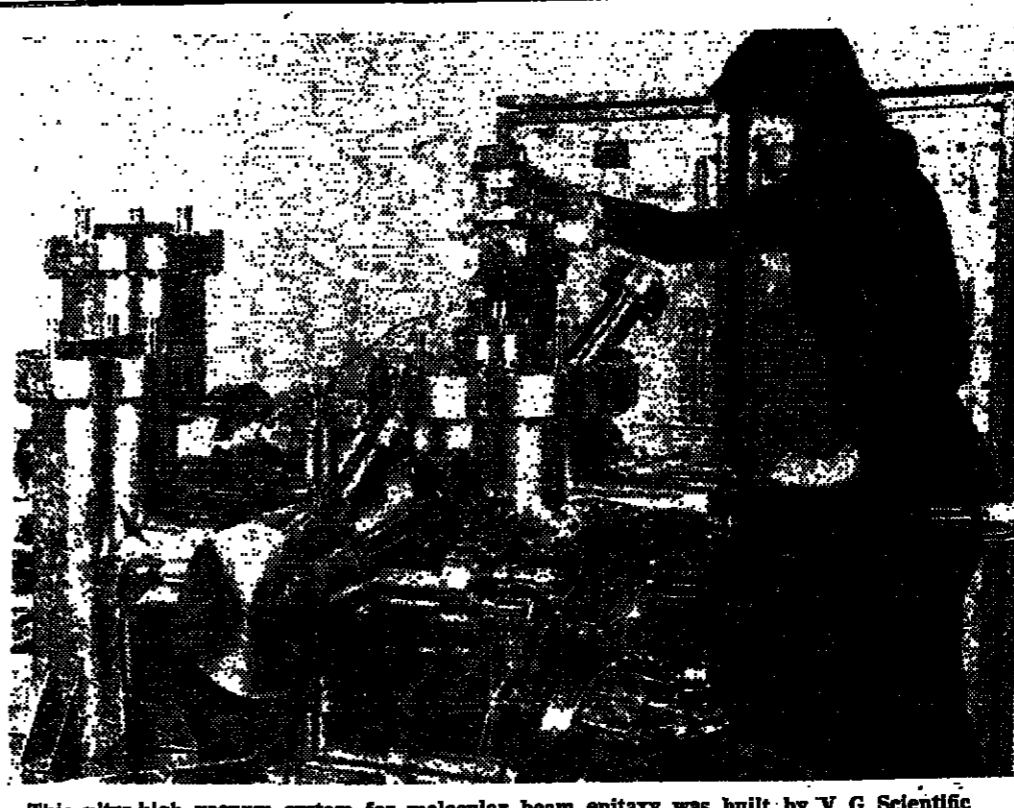
TECHNOLOGY

Ultra-high vacuum plumbing for the super chip
City of London Poly goes for the superlattice semiconductor

BY DAVID FISHLOCK, SCIENCE EDITOR

A RESEARCH team in the City of London has plans to make a world-beating chip. It has spent a decade in preparation, raised £600,000 from such companies as GEC and British Telecom, and retained as its adviser Dr. Leo Esaki, the Japan-born physicist who first proposed the technique.
Within a few weeks it hopes to take delivery of the kind of equipment shown here, designed by VG Scientific of East Grinstead, another of its sponsors. This remarkable piece of ultra-high vacuum plumbing was designed by the research group led by Dr. Evan Parker in the department of physics at the City of London Polytechnic.
The technique they are using is called molecular beam epitaxy. Its aim is to build up a semiconductor from scratch, by depositing layers down to one atom in thickness, in what Dr. Esaki calls a "superlattice".
Molecular beam epitaxy (MBE) was developed about a decade ago, as a way of preparing an extremely pure kind of semiconductor in which the mobility of electrons might be extremely high. If this were the case, the superlattice could open the way to very fast-switching chips, as well as far greater "packing densities" for components on a chip.
Dr. Parker's group was one of a handful worldwide which pioneered MBE ten years ago. More recently, the major electronics group have grown very excited, after the demonstration of high electron mobility in superlattices by Bell Telephone Laboratories team led by Dr. Ray Dingle in 1973.
The essence of MBE is the evaporation in an ultra-high vacuum of molecules of pure elements. This is as fast as Josephson junctions have achieved—and such devices need to operate at liquid helium temperatures, a much bigger complication for the computer engineers.
Dr. Esaki has recently proposed a still more intricate kind of superlattice, or "club sandwich" of three layers of three different materials, such as indium arsenide, aluminium antimonide and gallium antimonide. He believes it could be the basis of an ultra-fast field effect device.
Dr. Parker's team has set up a three-year research project in collaboration with Dr. Esaki, which will involve the deposition of layers as thin as 100 angstrom.
Already the group has designed and built a tool which can drill "cores" from such monomolecular layers one layer at a time, using an ion beam as the "bit". It then analyses the "core" automatically for purity. This instrument can pick up a one atom in 100 of impurity.
But Dr. Parker warns that it will require an immense technological effort to turn MBE into a super-chip and get rid of the heat from perhaps millions of ultra-fast switches.

LEO ESAKI laughs easily and clearly enjoys his itinerant life. As a scientist with Sony Corporation in Tokyo, he invented and patented the tunnel diode, which earned a Nobel Prize in 1973. Today he is one of about 20 senior researchers fellow with IBM, based at the Thomas J. Watson Research Centre and reporting both to its director, Dr. Ralph Gomory, and to IBM's chief scientist, Dr. Lewis Branscomb.
Esaki estimates that he spends about 50 per cent of his time at the Watson Research Centre, where he directs a group of about 30 per cent in his native country Japan where he is director of IBM Japan; and the rest consulting with such groups as that of Dr. Evan Parker at the City of London Polytechnic.
He drops in to see the city researchers every couple of months, as senior visiting researcher fellow with IBM, based at the Thomas J. Watson Research Centre and reporting both to its director, Dr. Ralph Gomory, and to IBM's chief scientist, Dr. Lewis Branscomb.
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This ultra-high vacuum system for molecular beam epitaxy was built by V G Scientific

Esaki's superlattice could be the clue to the Japanese goal of a chip with 4m gates (the fastest today has about 0.25m). To achieve a big goal of this kind you need to collaborate closely, he says, "and the Japanese are accustomed to working in groups. They have an extraordinary capacity for fostering inventions."
Britons are very creative but not so strong at fostering products, he believes.
At the City of London Polytechnic, Dr. Esaki is counselling a team backed by £500,000 raised from five different organisations, trying to turn his superlattice into an incredibly powerful new chip.
Dr. Evan Parker, Dr. Leo Esaki and Dr. Richard King.

Lovell for Development

Electronics Backing for Linear

TECHNICAL Development Capital, the high technology venture capital offshoot of the Finance for Industry group, is injecting \$1m into a young U.S. electronics company called Linear Technology.
The company was set up just over a year ago to design and manufacture advanced linear integrated circuits for military and industrial applications. Linear circuits are special silicon chips which have many uses including simplification of electronic signals or conversion between digital and analogue circuits.
The funding from TDC is in return for a 2.5 per cent equity stake in the company. It is part of a total second round of equity financing of \$4.5m which includes participation from Olivetti and the Greyhound Corporation.
Linear technology was founded by four former senior employees of National Semiconductor. They believe that the semiconductor industry has been placing too much emphasis on microprocessor and memory circuits at the expense of linear designs.
TDC says that linear markets in the U.S. have been ignored by foreign suppliers, particularly the Japanese and believes that there are opportunities for innovative companies.
According to TDC, the linear sector of the total semiconductor industry is growing steadily. By 1983 it is estimated that it will be worth more than \$2bn with 20 per cent compounded growth for the foreseeable future.
According to Mr Geoff Taylor, TDC's director and general manager, "In making this investment TDC has a particular concern for the European potential and it is envisaged that Linear Technology will be setting up a UK activity in the medium term."

THERMOCELL ROOF LIGHT INSULATION

Machine tools Meggamond lathe

AFTER several months of technical collaboration with Montedisa in Belgium and Dana Posidata, Meggit Machine Tools and Equipment has produced the Meggamond CNC lathe. A Dana Posidata, Meggit Machine Tools and Equipment has produced the Meggamond CNC lathe. A Dana 3L programming system is incorporated with standard equipment including a hydraulic lathe tool and a six station turret axis automatic tool changer.
It costs £31,150. Mr B. C. Dellow at 0202 746011 is the man to talk to.

Home technology 'Infotainment' for the silly season and future

BY GEOFFREY CHARLISH

IT BEING the silly season, someone, somewhere, has invented the word "infotainment" to describe the predicted convergence of telephone, audio, video and computer technology in the home.
A whole report on the subject, costing £695, has been compiled by Strategic International in the U.S. and is available in the UK from International Planning Information of London (01-221 0988).

The word itself may raise a smile, but what it describes is a serious market matter according to Strategic, which believes that by 1990 a new kind of living room unit will have emerged.
In one console, it will incorporate large screen high resolution TV, audio receiver, turntable, telephone, clock, a 32 bit computer, printer and music synthesiser. There will be slots for audio cassette, video cassette, videodisc,

Winchester cartridge and perhaps solid state holographic media.
The user will "play" this machine from a remote console with keyboard, microphone, joystick and memory/intelligence of its own.
The report thinks that one of the main business opportunities will be the replacement of all storage media with optical storage and all the input/output wiring with a single broadband cable.

But, it reminds us, the outlook for such standardisation is not good, although even limited compatibility will help to open up mass markets for a variety of products and services and offer opportunities for companies that are not at the moment supplying the domestic market.
Strategic predicts that in the U.S. there will be 40m home computers by 1991, while 24m homes will be connected to remote information

services. By the same year there will be more than 30m homes connected to cable TV systems.
All of these households are expected to be adding peripheral units to enhance the effectiveness of their systems. Just as people continue to add floppy discs, modems and printers to their home computers, and video recorders to their TV sets.

CONTRACTS AND TENDERS

THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA
MINISTRY OF HYDRAULICS
HEAD OFFICE FOR HYDRAULIC INFRASTRUCTURES
OPEN NATIONAL AND INTERNATIONAL INVITATION TO TENDER
The Ministry of Hydraulics (D.G.H.) is putting out an open national and international invitation to tender for the execution of geological and exploration work on a certain number of dam sites within the framework of detailed feasibility studies and preliminary project work.

PUBLIC NOTICES

FINANCIAL DISPUTES WITH IRAN
ANNOUNCEMENT BY THE DEPARTMENT OF TRADE
The Department of Trade is anxious to assemble as soon as possible information on outstanding claims by British companies arising from contracts with Iranian organisations in the public sector.

COMPANY NOTICES

ASAHI CHEMICAL INDUSTRY LTD.
REARER DEPARTMENT RECEIPTS ISSUED BY MORGAN GUARANTY TRUST CY. OF NEW YORK
A distribution of \$0.2339 per depositary share less any applicable taxes will be payable on and after July 28, 1982 upon presentation of Coupon No. 16 at the office of any of the following depositories:

BUSINESSES WANTED

EQUIPMENT LEASING
WE WISH TO ACQUIRE FOR CASH LEASING COMPANIES HOLDING THEIR OWN PORTFOLIOS
Please contact (in confidence) A. N. Nelson, Managing Director McDONNELL DOUGLAS FINANCE CORPORATION LIMITED
47 Berkeley Square, London W1X 5DB
Telephone: 01-629 0155 Telex: 894021

From Japan

T I ROCKWELL now has available a range of four vertical machining centres from Takisawa of Japan which are an addition to the existing range of CNC lathes. Two are designed for high speed machining of aluminium and other non-ferrous metals; the high torque versions for heavy milling of steel. Rockwell is on 01-452 0033.

THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA
MINISTRY OF HYDRAULICS
HEAD OFFICE FOR HYDRAULIC INFRASTRUCTURES
OPEN NATIONAL AND INTERNATIONAL INVITATION TO TENDER
The Ministry of Hydraulics (Direction Générale des Infrastructures Hydrauliques) is putting out an open international invitation to tender relating to:
Design, manufacture, supply and assembly of a lift truck.
Interested companies may obtain the file from the Ministry of Hydraulics (Direction Générale des Infrastructures Hydrauliques (D.I.M.T.) KOUBA - ALGER.

LEGAL NOTICES

MILLS & ADAMS (SLOUGH) LIMITED
NOTICE IS HEREBY GIVEN, pursuant to Section 252 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at The Care Hotel, Upper Woburn Place, London, W.C1, on Wednesday, the 18th day of August 1982, at 3.30 o'clock in the afternoon, for the purpose of presenting Sections 252, 254 and 256 of the said Act.
Dated this 3rd day of August 1982.
By Order of the Board B. C. LPHOCK, Secretary.

CLUBS

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Handover Street, W.V. Where today's best music is played, the atmosphere is superb, dancing and singing are encouraged.
THE CASUALTY OF ST. JAMES'S, London's most exciting businessmen's night club.
MORGAN GUARANTY TRUST CY. OF NEW YORK
A distribution of \$0.2339 per depositary share less any applicable taxes will be payable on and after July 28, 1982 upon presentation of Coupon No. 20 at the office of any of the following depositories:

FINANCIAL TIMES

FINANCIAL TIMES
PUBLISHED IN LONDON & FRANKFURT
New Office: The Financial Times Limited, Brunton House, 10 Cannon Street, London EC4P 4BY.
Telephone: 01-594 7171 Telex: (Advertising) 085023, Telegrams: Financial Times, London. Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Schiffstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. Tel: 41615. Telegrams: 7990-A. Editorial: Frankfurtstrasse 71-81, Telex: 416022. Telephone: 7996 157.

BASE LENDING RATES

Table with columns for bank names and their respective base lending rates. Includes A.B.N. Bank, Allied Irish Bank, Amara Bank, etc.

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Vertical text on the far left margin, possibly a page number or index reference.

COMMODITIES AND AGRICULTURE

IN SHORT

Decline in coffee stocks forecast

WORLD coffee stocks could decline by some 7 per cent in the business year 1982/83 to 17.7m bags, according to a study published by Cargill Investors Services, John Wicks reports from Zurich. Exports to consuming nations are seen as rising from 62.9m to some 65.4m bags, while consumption in producer countries could decline slightly to about 21.2m bags.

SEVENTH Coffee International Symposium and Trade Fair will be held in Montreux from October 3-6. St Alexandre Beltrao, Executive Director of the International Coffee Organisation will speak on coffee quota allocations and their likely impact on producers and consumers.

THAI rubber exports in June fell from 33,545 tonnes in May to 24,625 tonnes. This compares with 25,119 tonnes in June 1981.

CHICAGO Mercantile Exchange recorded its second highest trading volume last month, total 18,338m contracts. The all-time record was in June, with 13,122m contracts.

ACLI INTERNATIONAL have announced the formation of a new commodity trading company, Wardley/ACLI commodities, in partnership with Wardley Group, a wholly owned subsidiary of Hongkong and Shanghai Banking.

BOMB scare in a building adjoining Plantation House yesterday suspended trading in gold futures and related markets. The new company offers a range of brokerage and other investment services in Hong Kong and the Asia Pacific region.

U.S. gloom hits copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell sharply on the London Metal Exchange yesterday as a wave of pessimism about the outlook for the U.S. economy triggered off heavy speculative selling. Higher-grade cash copper closed \$36 down at \$209.5 a tonne—a loss of \$70 in the past fortnight.

Traders reported that the decline was slowed down by some trade buying interest at the lower levels, and the fall in the value of sterling. But these were overwhelmed by speculative selling, especially from New York where the downturn started on Friday evening following the gloomy news about the state of U.S. industry and the latest money supply figures suggesting that interest rates may well rise, rather than continue to fall.

Asking the downturn was the decline in gold, and a move by Asarco to slash its domestic selling price for copper by 4 cents to 88 cents a lb. Virtually ignored by the market was a Reuter report from Montreal that talks aimed at ending the

strike at Noranda's Canadian Copper Refinery had reached an impasse over wages. Workers at the refinery have been on strike since May 1.

The fall in copper and gold brought an easier trend in other metal markets, in spite of the upward pressure on London prices exerted by the strength of the dollar against the pound. Lead was additionally depressed by Asarco cutting its domestic U.S. selling price by another 2 cents to 24 cents a lb making the second 2 cent reduction this month.

However the biggest fall came in tin. The cash price closed \$247.5 lower at \$2,377.5 a tonne reversing the strong upward trend during the past two weeks. Traders claimed that covering of previous short tin positions had now been completed and the market lacked buying interest.

At the same time the cash price remains at a premium over the three months quotation of 40 cents a lb. Virtually ignored by the market was a Reuter report from Montreal that talks aimed at ending the

Cash boost for Jamaica bananas

By Canute James in Kingston

THE JAMAICAN government is putting \$30m into the island's banana industry in an effort to rebuild exports to the UK. The Commonwealth Development Corporation is providing \$15m with the remainder coming from government funds, and from United Brands of the U.S.

Up to three years ago, Jamaica provided about 25 per cent of all British imports, but following a hurricane in the summer of 1980, exports fell from about 70,000 tonnes per year to 20,000 last year. Mr Percival Broderick, the agricultural minister, has spoken of raising exports to 150,000 tonnes in 1981, and over 60 per cent of state revenues. Until recently, timber licences were used as the primary form of political patronage, and were the passport to wealth for the lucky few.

Today, prospects look rather different. Unseen timber, 70 per cent of which goes to Japan, has fallen in price to \$105 per cubic metre, less than half the price of a year ago. A state government royalty of about 50 per cent means that most loggers in the state's interior are operating at a loss—and that timber exporters from the U.S. and the Soviet Union can deeply undercut Sabah's prices.

But his case seems more than thin. An editorial in the local daily said on Tuesday: "With timber still the undisputed life-line of the state, and likely to be so for a long while yet, we have little choice (but to) to support the heroic tempo of development launched half a decade ago to be sustained. This is notwithstanding the onset of recession, with plummeting timber prices."

Painful dilemma for Sabah

BY DAVID DODWELL

THE RECENT collapse in world timber prices has put the Sabah government in a painful dilemma. Sabah is second only to Indonesia as a source of tropical timber. The decision by both Indonesia and the Philippines to ban exports of unseasoned timber has given Sabah an even more conspicuous role.

Timber is critically important to Sabah. As well it accounts for over 40 per cent of the state's export earnings in 1981, and over 60 per cent of state revenues. Until recently, timber licences were used as the primary form of political patronage, and were the passport to wealth for the lucky few.

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Philippines sugar output to rise

BY OUR MANILA CORRESPONDENT

PHILIPPINES' sugar production for the crop year 1981-82 is expected to be 3 per cent up on last season's 2.91m tonnes, according to the Private Development Corporation of the Philippines (PDCP).

PDCP, one of the country's largest companies, which is engaged in development financing as well as acting as an investment house, maintains that the increased production is important in view of the increased export quota recently granted to the Philippines by the International Sugar Organisation (ISO).

The new quota will allow the Philippines to increase its exports from 1.75m tonnes in 1981 to 1.95m tonnes in 1982. Sugar exports in 1981 were estimated at 1.24m tonnes, and FY 77,000 (\$243.3m) on Friday.

In its annual report Hippo Valley, producer of 242,000 tonnes of Zimbabwe's 380,000-tonne sugar crop, says that it will lose Z\$6m (\$4.5m) in the current year. This compares with a profit of Z\$7.9m last year to March, 1982, and almost three times this amount in the previous year.

Potato planting target attacked

By Our Commodities Staff

THE POTATOE Marketing Board's announcement last week that it had reduced its planting target for 1983 has surprised and disappointed the UK potato processing industry.

The industry's target of 163,000 hectares is already too low according to the Potato Processors Association and the PMB's decision to cut the figure to 161,000 hectares next year was "a great disappointment".

Cash boost for Jamaica bananas

By Canute James in Kingston

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Shell in NZ forestry deal

By Dal Hayward in Wellington

SHELL OIL is joining New Zealand Forest Products—the country's largest forestry operator—in a multi-million-dollar long-term forestry development.

It will involve initially planting 75,000 acres with radiata pine in the northern part of New Zealand. The initial land purchase and planting costs will be \$NZ 70m. Later the consortium is prepared to invest "hundreds of millions of dollars" for back-up industries.

LONDON OIL SPOT PRICES

Table with columns for oil types (Arabian Light, Iranian Light, Arabian Heavy, North Sea, African/Bonny Light) and prices per barrel. Includes a section for CRUDE OIL - FOB (per barrel) and a section for PRODUCTS - North West Europe.

GAS OIL FUTURES

Table showing gas oil futures prices for August, September, October, November, and December. Includes a section for Premium Gasoline, Gas, and Heavy Fuel Oil.

BRITISH COMMODITY MARKET

Table showing prices for BASE METAL (Copper, Lead, Zinc, Tin), COPPER (Official, Unofficial), and High Grade (3 months, 6 months, 9 months, 12 months).

SILVER

Table showing silver prices for Bullion (per ounce), L.M.E. (per ounce), and Spot (per ounce).

RUBBER

Table showing rubber prices for No. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20.

PRICE CHANGES

Table showing price changes for various commodities including Metals, Rubber, and Grains.

AMERICAN MARKETS

Table showing American market prices for Copper, Gold, Silver, and various commodities.

GOLD MARKETS

Gold fell \$10 an ounce from Friday's close in the London bullion market yesterday to finish at \$336.37. The metal opened at \$336.10, its lowest for the day since it touched a best level of \$338.34.

LONDON FUTURES

Table showing London futures prices for Gold Bullion (fine ounce), Gold Coins (100), and Gold Bars (100).

COFFEE

Table showing coffee prices for High Grade (3 months, 6 months, 9 months, 12 months), Medium Grade, and Low Grade.

COCOA

Table showing cocoa prices for Bitter (3 months, 6 months, 9 months, 12 months) and Sweet (3 months, 6 months, 9 months, 12 months).

SOYABEAN MEAL

Table showing soyabean meal prices for No. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20.

INDICES

Table showing various indices including FTSE 100, Nikkei, and others.

EUROPEAN MARKETS

Table showing European market prices for Gold, Silver, and various commodities.

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COMPANY NOTICE

UNILEVER N.V. Report of the Trustee for the Unilever 1981-82. The Trustee has received the accounts of Unilever N.V. for the year ended 31st December 1981.

LEAD

Table showing lead prices for Official, Unofficial, and Spot.

COFFEE

Table showing coffee prices for High Grade, Medium Grade, and Low Grade.

COFFEE

Table showing coffee prices for High Grade, Medium Grade, and Low Grade.

REUTERS

Table showing Reuters prices for various commodities.

MEAT/FISH

Table showing meat and fish prices for various types of meat and fish.

MOODY'S

Table showing Moody's credit ratings for various companies.

CLASSIFIED ADVERTISEMENT RATES

Table showing classified advertisement rates for Commercial & Industrial, Residential Property, Business, and other categories.

ART GALLERIES

BLONDINE ART, 33, Saville St. W1. 12. SEVEN DIALS GALLERY, Covent Garden. SEVEN DIALS GALLERY, Covent Garden.

GRAINS

Table showing grain prices for Wheat, Barley, and other grains.

WHEAT

Table showing wheat prices for various types of wheat.

WOOL FUTURES

Table showing wool futures prices for various types of wool.

POTATOES

Table showing potato prices for various types of potatoes.

TEA AUCTIONS

The UK Ministry of Agriculture for the week beginning Monday August 16 is expected to remain unchanged.

COTTON

LIVERPOOL—Spot and shipment sales amounting to 10,000 bales. Rather more interest was shown in special varieties and operations improved slightly.

WORLD STOCK MARKETS

Fresh early Dow fall of 9.8

Companies and Markets

NEW YORK

Table of New York stock market data including Dow Jones Industrial Average, S&P 500, and various company stock prices.

STOCK

Table of international stock market data for various countries including Canada, Belgium, Holland, Australia, and Japan.

STOCK

Table of international stock market data for various countries including Germany, France, Norway, Hong Kong, Sweden, and South Africa.

STOCK

Table of international stock market data for various countries including Singapore, Brazil, and other regional markets.

INDICES

Table of various stock indices including Dow Jones, S&P 500, and regional indices for Europe and Asia.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York, including major companies like IBM, AT&T, and General Electric.

THE COLLAPSE of the proposed Gulf Oil Cities Service merger was partly responsible for a further sharp fall in Wall Street stock prices in active early dealings yesterday.

The Dow Jones Industrial Average, after ending 11.51 weaker on Friday at a 27-month low, dipped 9.80 more to 774.54 at the close yesterday.

The New York Stock Exchange Common Index retreated 30 cents to 365.59, while more than 1,100 issues were lower.

Analysts said Wall Street is also disappointed by the failure of the U.S. economy to respond to stimulative measures from the Reagan Administration.

The Administration has been "venting its frustration" over the lack of confidence on the part of investors in Washington's economic policies.

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THE AMERICAN SE Market Value Index ended 5.28 to 239.71 at 1 pm. Volume 3.04m shares.

Canada Markets continued to fall yesterday morning in light trading. The Toronto Composite Index was 15.4 lower at 1,398.0 at mid-session.

Hong Kong Stock prices plummeted to a two-year low yesterday as worries over the Colony's political future deepened.

Tokyo Yesterday's Tokyo market fall also partly reflected expectations that Wall Street would react bearishly to the rise in the latest U.S. M-1 money supply figures.

Paris The sharp appreciation of the U.S. dollar and Wall Street weakness sent stock prices broadly lower.

Australia Markets were inclined to drift easier yesterday in very quiet trading in the wake of the further sharp fall on Wall Street on Friday.

Germany Bourse prices fell afresh over a wide front after the suspension of trading in AEG stock soured the entire market.

Japan In addition to the higher U.S. dollar, sterling interest rates and Friday's Wall Street fall, West German equities were depressed by rumours that the nation's second-largest electrical con-

cern, AEG, was close to insolvency proceedings. Trading in AEG stock was suspended just before the opening bell at the request of Dresdner Bank, the lead-manager of AEG's 25-member bank consortium.

The Commerzbank index dipped 0.6 more to a new low for the year of 688.8.

AEG shares were still suspended at the end of trading but brokers had said the shares were being pegged at near DM 25 in pre-market dealings before being suspended, down from a Friday close of DM 27.90.

Finer interest rates, posing higher refinancing costs, as well as threatened exposure in AEG credits caused Banks to show some of the sharpest falls of the session.

Dresdner slipped DM 3.70 to DM 124, Commerzbank DM 3.30 to DM 128 and Deutsche DM 2.20 to DM 88.30.

In Engineering, Deutsche Bechthold, announcing higher interim turnover but lower incoming orders, dropped DM 6 to DM 170, Mannesmann Demag, presenting a similar report, shed DM 1 to DM 123.

In Engineering, Deutsche Bechthold, announcing higher interim turnover but lower incoming orders, dropped DM 6 to DM 170, Mannesmann Demag, presenting a similar report, shed DM 1 to DM 123.

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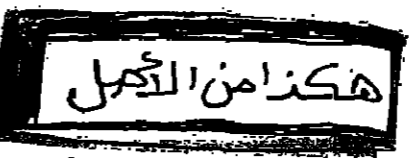
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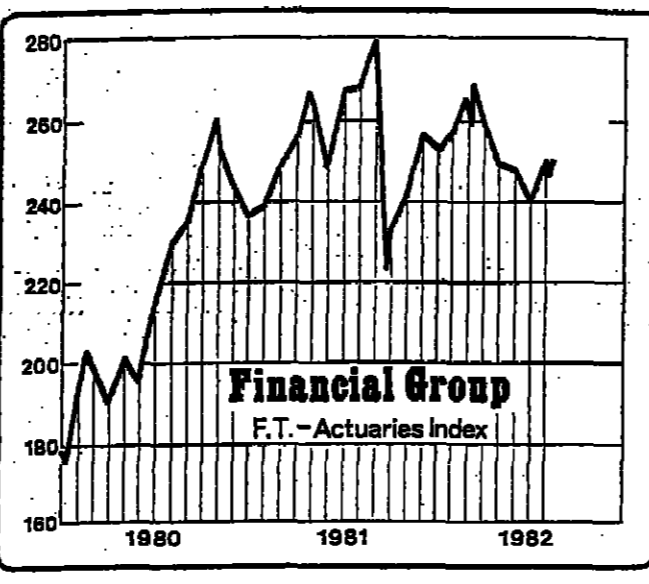
Notes and footnotes at the bottom of the page, including a handwritten note 'July 10 1982' and various small print.



Sterling weakness and gloomy economic situation continue to undermine equity and Gilt markets

Account Dealing Dates
Option
*First Declara- Last Account
Dealings Dealing Day
Aug 16 Sept 2 Sept 3 Sept 13

lution. Despite another early
plunge on Wall Street early
yesterday, the 30-share index
closed 8.4 down at 340.4. Its
lowest since January 18 and 53.6
points off the 1982 high recorded
in June.



adverse comment about the
group's Norval drug. Beecham
lost the same amount to 280p,
while Glaxo gave up 8 to 715p,
after 710p. ICI fell 6 to 314p

cheaper at 172p. Carrington
Virella eased a fraction to 8p
following another sizeable mid-
term deficit.

EQUITIES

Table of recent issues with columns for issue price, date, and stock details.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for issue price, date, and stock details.

"RIGHTS" OFFERS

Table of rights offers with columns for issue price, date, and stock details.

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks with columns for stock name, price, and change.

ACTIVE STOCKS

Table of active stocks with columns for stock name, price, and change.

Worries about sterling, which
yesterday tumbled to a 68-month
low against the dollar partly re-
flecting the latest of this sum-
mer's reductions in clearing
bank base rates and the weak
state of the economy as pre-
sented last week by the CBI,
were two of several adverse
influences affecting London stock
markets yesterday.

Others included Wall Street's
continued slide—the Dow Jones
index is at a 10-month low point
as a result of similar concern
over U.S. industry—and rising
short-term U.S. interest rates
despite the administration's
attempts to ease its tight
monetary policy.

CU edge forward
Commercial Union, which
starts the Composite Insurance
interim dividend season today,
edged forward a couple of pence
to 137p. General Accident, which
reports first-half results tomorrow,
closed at 304p, while GRE shed 6
to 282p.

A dull market since last
Thursday's disappointing interim
figures, Barclays rallied 2 to 378p
in a lethargic banking sector.
Discount Houses trended lower
in sympathy with Gilt: Cater
Allen declined 10 to 330p and
falls of 7 and 8 respectively
were seen in Union, 465p, and
Gerrard and National, 300p. Hirs
Purchases also came on offer.
Provident Financial relinquished

3 to 137p and London Scottish
Finance softened 2 to 43p.
Lack of investment incentive
prompted another dull showing
among leading Breweries. A
firmer undertone was noticeable
after the "house" close, but most
still finished at the day's
worst. Grand Metropolitan eased
6 to 267p. Arthur Guinness shed
2 more to 87p. Recently buoyant
ciders also trended lower and,
despite a favourable mention,
H. P. Bulmer dipped 15 to 550p,
while Merrydown Wine were
marked 5 lower at 160p.

A gloomy survey from the
Federation of Civil Engineering
Contractors took its toll on senti-
ment in the Building sector, falls
of 20 being marked against
Taylor Woodrow, 510p. Tarmac,
316p, and Newarthill, 470p. Still
overshadowed by the decision to
peg cement prices, Blue Circle
weakened 2p to 430p before
settling at 420p for a total of 10
on the day. Further profit-taking
left Barratt Developments 5 down
at 291p, while Y. J. Yovell came
on offer and gave up 8 to 130p.

FINANCIAL TIMES STOCK INDICES

Table of financial times stock indices with columns for Aug 9, Aug 8, Aug 7, Aug 6, Aug 5, Aug 4, Aug 3, Aug 2, Aug 1, and year ago.

HIGHS AND LOWS

Table of high and low stock prices for 1982 and since completion.

Stores dip and rally

Marked sharply, if selectively,
lower at the market, leading
Stores attracted a reasonable two-
way business and most reverted
to Friday's closing positions.
Gussies A. down to 502p earlier,
recovered to close unchanged at
510p. British Home Stores, up
at 181p after 177p. F. W. Wool-
worth, still nervous awaiting
tomorrow's half-simmer, eased
the turn to 444p. Adverse comment
clipped 4p from Habitat Home-
ware at 150p. Homebase, a note
in secondary issues were few and
far between although useful sup-
port was noted for E. Upton
which formed 3 to 37p with the
A. 5 up at 31p. Waring and
Gillow, on the other hand, shed
3 to 77p. Currys, 160p, and Owen
Owen, 157p, both lost 5, while
Polly Peck fell 10 to 325p.

BOC down again

Miscellaneous industrial
trading began the week with
fresh falls. An early sharp mark-
ing in today's futures market
brought further sharp falls and
BOC, down 9 on Friday, fell 8
more to 160p on nervous offerings
ahead of Thursday's third-
quarter figures. Still unsettled by

Oil's dull

Marked down initially in the
wake of last Friday's weakness
on Wall Street, oil shares drifted
off a shade further. A subsequent
rally left quotations a few pence
above the worst, British Petrol-
eum closing 6 lower at 260p, after
238p, and Shell ending a like
amount down at 365p, after 366p.
Tripartite held steady at 350p,
in front of today's interim
figures. Among the exploration
issues, Berkeley gave up 10 to
128p, while falls of around 5
were recorded in Candecora, 187p,
Carless, Capel, 145p, and Mariner,
85p.

London Financials had a reasonably active day and regained some ground towards the close after having opened weaker.

Gold Fields lost 3 to 267p, Charter 3 to 167p after 166p at one stage, and Rio Tinto-Zinc closed just a penny cheaper at 397p after 394p.
Australians also saw good two-way business, with most of the leading stocks around 5 cheaper, as in Western Mining, 172p. BHP Holdings 158p and Meekebarra Minerals 110p. CRA lost 8 to 178p, while Gold Mines of Kalgoorlie closed 10 lower at 189p.
Reisen's slid 12 to a low for the year of 112p on news of the restructuring measures which underlined the seriousness of the company's position.
Volume in Traded Options continued to expand and 2,483 contracts were done. Once again, a significant amount of business was transacted in puts, reflecting the weak tone of the London equity market. Imperial Group were particularly active, recording 551 calls, 210 in the August 90's, and 232 in the November 90's, and 187 puts; the August 100's attracted 18 trades and closed 4 higher at 8p. Lonrho remained to the fore with 414 calls transacted, 338 of which were struck in the popular November 80's.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns for Index No., Index, and Year Ago.

FIXED INTEREST

Table of fixed interest rates with columns for British Government, 1 Year, 2 1/2 Years, 3 Years, 4 Years, 5 Years, and 7 1/2 Years.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (16)
BRITISH FUNDS (1)
CORPORATION LOANS (2)
G.I.C. (1)
WORLDWIDE & AFRICAN LOANS (1)
AUSTRALIA (1)
CHEMICALS (1)
CINEMA (1)
LIBERTY (1)
HOTELS (1)
INDUSTRIALS (1)
PAPER (1)
SHIRAZ (1)
HARRISON (1)
NEW THROP. INC. (1)
NEW LOWS (130)
INT. B.K. & OCEAN GOVT. STG. ISS. (1)
BANKS (2)
DRUGS (1)
ELECTRICALS (2)
ENGINEERING (2)
FOODS (3)
INDUSTRIALS (2)
INSURANCE (1)
MOTOR (2)
PAPER (1)
SHIPPING (1)
YACHTS (1)
OIL & GAS (1)
PLASTIC (1)
MINES (1)

RISES AND FALLS YESTERDAY

Table of rises and falls yesterday with columns for British Funds, Foreign Bonds, Industrials, Financials, Pros., Oils, Plantations, Mines, and Others.

OPTIONS

Table of options with columns for First Dealings, Last Dealings, and Settlements.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies as at August 9 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be based on U.S. dollar parities and have been calculated from those of foreign currencies to which they are tied.

Table of world value of the pound with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING, and PLACE AND LOCAL UNIT.

WORLD VALUE OF THE POUND

Table of world value of the pound with columns for PLACE AND LOCAL UNIT, VALUE OF £ STERLING, and PLACE AND LOCAL UNIT.

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa (Ruepes per franc) of oil and iron exports 71.40. ** Rate in the transfer market (controlled). (U) Unlisted rates. (F) Based on gross against Russian ruble. (P) Parallel exchange rate for essential imports. (E) Exports, non-essential imports and transfer. (S) Essential goods. (A) Floating rate. (G) Preferential rate for priority imports such as foodstuffs.

INSURANCES

Table listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., Ancestral General S.p.A., and others.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table listing insurance and overseas managed funds, including Life Assur. Co. of Pennsylvania, Norwich Union Insurance Group, and various international funds.

Table listing various financial services and funds, including Grandville Management Limited, Quest Fund Man. (Jersey) Ltd., and others.

NOTES
Prices are in pence unless otherwise indicated
US\$ = 100 pence
Yields % (shown in last column) are for all
... (Additional notes and disclaimers)

WOLSELEY HUGHES
Central to Britain's heating.
Heating and Plumbing Merchants.
Farm and Garden Machinery, Engineering, Plastics.

FT SHARE INFORMATION SERVICE

LOANS—Continued

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

BANKS & H.P.—Cont.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

CHEMICALS, PLASTICS—Cont.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

ELECTRICALS—Continued.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Building Societies

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Foreign Bonds & Rails

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Engineering Machine Tools

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Hotels and Caterers

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Five to Fifteen Years

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Americans

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Hire Purchase, etc.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Drapers and Stores

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Industrials (Misc.)

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Over Fifteen Years

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Beers, Wines and Spirits

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Building Industry, Timber and Roads

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Electricals

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Food, Groceries, Etc.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Undated

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Canadians

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Banks and Hire Purchase

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Chemicals, Plastics

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Food, Groceries, Etc.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Commonwealth and African Loans

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Loans

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Electricals

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

Food, Groceries, Etc.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

A FINANCIAL TIMES SURVEY

INTERNATIONAL FUND MANAGEMENT

1 OCTOBER 1982

The Financial Times is planning to publish a survey on International Fund Management in its issue of September 3 1982. The provisional editorial synopsis is set out below.

Introduction: There have been great strides in the field of international fund management, spurred recently by a broadening of the investment horizons of American pension funds. But it is not always clear whether investors are seeking greater opportunities for growth, or are simply attempting to reduce risks by means of wider diversification.

Editorial coverage will also include:

- Equities
- Bonds
- Property
- Currencies
- Venture Capital
- The Pacific Basin
- Regulation
- Performance Measurement
- Securities House
- Fund Managers

Order Date: September 3 1982 Copy Date: September 17 1982

For further information and advertisement rates please contact: Guy Mainwaring-Burton

Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY
Telephone: 01-248 8000 ex 3606 Telex: 885033 FTINT G

The survey and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editors.

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

High	Low	Stock	Price	%	Yield
100.00	99.00	100.00	100.00	100.00	100.00
100.00	99.00	100.00	100.00	100.00	100.00

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INDUSTRIALS—Continued

Table of industrial stocks including Johnson & Johnson, Amgen, and various pharmaceutical and chemical companies.

LEISURE—Continued

Table of leisure stocks including Granada TV, ITV, and various media and entertainment companies.

PROPERTY—Continued

Table of property stocks including Prudential, Sun Life, and various insurance and real estate companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including Equity Capital, Fidelity, and various asset management funds.

OIL AND GAS—Continued

Table of oil and gas stocks including British Petroleum, Shell, and various energy companies.

MINES—Continued

Table of mining stocks including Anglo American, De Beers, and various metal and coal companies.

NOMURA THE NOMURA SECURITIES CO. LTD. advertisement with logo and contact information.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including Rover, Jaguar, and various automotive companies.

SHIPPING

Table of shipping stocks including British & Commonwealth, P&O, and various maritime companies.

SHOES AND LEATHER

Table of shoes and leather stocks including Clarks, Frye, and various footwear companies.

SOUTH AFRICANS

Table of South African stocks including Anglo American, De Beers, and various local companies.

TEXTILES

Table of textile stocks including Allied Textiles, Birmingham, and various fabric companies.

OVERSEAS TRADERS

Table of overseas trader stocks including Anglo Siam, Jardine Matheson, and various international trading companies.

PLANTATIONS

Table of plantation stocks including Anglo-Indonesian, Guthrie, and various rubber and palm oil companies.

INSURANCES

Table of insurance stocks including Prudential, Sun Life, and various insurance companies.

PROPERTY

Table of property stocks including Prudential, Sun Life, and various real estate companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various asset management and financial companies.

OIL AND GAS

Table of oil and gas stocks including British Petroleum, Shell, and various energy companies.

MINES

Table of mining stocks including Anglo American, De Beers, and various metal and coal companies.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including various local and international companies.

OPTIONS

Table of options and call rates including various financial instruments.

Notes and disclaimers regarding the accuracy and use of the data provided in the tables.

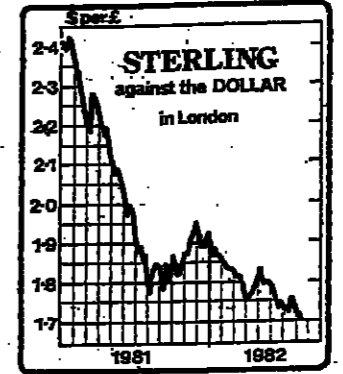
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THE LEX COLUMN

Walking wounded on parade

Index fell 8.4 to 540.4



Higher U.S. dollar interest rates and a falling equity market on Wall Street once again dominated proceedings in the London financial markets. Both equities and gilt-edged had a poor day yesterday, although—as usual in recent weeks—gilt-edged looked much the more resilient. The FT 30-Share index, reflecting the particular weakness of some industrial sectors of the equity market, is at a six-month low.

AEG-Telefunken

AEG-Telefunken has finally given up the increasingly desperate search for a magic solution to its problems. The industrial flirtations with GEC and United Technologies have come to almost nothing, and for the banks to inject more funds on a large scale, as they last did only two and a half years ago, would have been to fly in the face of their duties to depositors and shareholders.

Carrington Viyella

Carrington Viyella's first-half figures confirm the gloomy UK demand story which has been stretched at the end of the year. Against that background, however, it is fairly creditable to have improved the UK operating result by almost £2m. In these markets, for household textiles to have traded profitably is a genuine achievement, while a further 1,600 redundancies show that the new management is still taking shrinkage seriously. But this no longer seems to be the point.

about to go under—it is not but it has an eye on the prospects for a recapitalisation. With £30m or £40m of new equity—and correspondingly lower fixed financing costs—Carrington would have a chance to show the benefits of smaller and more efficient operating structure.

It is hard to resist the conclusion that ICI's 49 per cent stake has been hindering any progress towards a reconstruction. ICI has enough trouble of its own at the moment—yesterday it announced that plastics and petrochemical worldwide lost \$77m—pre-interest in the first six months of this year. But it does have a custodial responsibility, which ought to go beyond complacent observations that its associate is pointing in the right direction.

Newman Industries

The capital reorganisation of Newman Industries is long overdue. The company has yet to produce 1981 accounts but its balance sheet was looking very stretched at the end of the previous year and can only have deteriorated since then. Losses have continued and the disposal of its UK esthetic business in February produced a hefty book loss.

So the Midland, Newman's principal banker, and Cycle and Carriage, its major Singapore-based shareholder, must have thought long and hard about whether the group was worth preserving. At present, its few successful businesses, particularly the Avdel company, are being starved of cash by disasters elsewhere. The group's tangible equity is probably bobbing around £10m, while borrowings are in the region of £30m. There is clearly a way in which Newman can trade out of trouble.

Midland has presumably decided to persevere with Newman because institutions are prepared to inject more hard cash, a commodity which seemed in short supply during the last Stone-Platt crisis. Details of the reorganisation will not be ready until next month, but it will need to be on a large scale if Newman is to become viable. One institution conspicuous by its absence is Equity Capital for Industry, tailor-made for this kind of operation. ECI may have looked at the present market capitalisation of Newman—£3.2m at last night's price of 9p—and done some simple arithmetic.

Israeli air attacks step up the pressure

BY DAVID LENNON IN TEL AVIV AND OUR FOREIGN STAFF IN LONDON

ISRAEL LAUNCHED further fierce air and artillery strikes against Palestinian positions in West Beirut and central Lebanon yesterday. Meanwhile, diplomatic efforts continued to be hampered by the problem of where the Palestinian fighters would go if they were to leave the Lebanese capital. Israel intensified pressure on the Palestinians while Jerusalem sweated refinements to the plan for the withdrawal of about 6,000 Palestine Liberation Organisation fighters still in the West Beirut enclave.

General Ariel Sharon, the Israeli Defence Minister, is known to believe the PLO would hide behind a multinational force and should therefore be evacuated before such troops arrived. Israel is waiting for Mr Habib to say which Arab countries would be willing to give refuge to Palestinian fighters. Anatole Kaletsky in Washington writes: "The U.S. has issued its most optimistic statement to date about the prospects for success of Mr Habib's peace mission. 'We believe that if the ceasefire holds, we can have a negotiated solution.' Mr Alan Romberg, of the State Department, told the Press this 'made it especially crucial' that a ceasefire be 'scrupulously observed' by all parties. However, U.S. officials said they were now

more hopeful than ever that the PLO intended to leave Beirut, that the Israelis would allow them to do so and that Arab states would find refugees for the PLO fighters. M. Claude Cheysson, the French External Affairs Minister, said yesterday a possible solution to the Beirut conflict was very close. M Cheysson said he had to keep very quiet over reports that French, U.S. and Italian military officers had arrived in Lebanon to plan a multinational peacekeeping operation. "We are close now to a possible solution," he added. A timetable for the withdrawal of Palestinian guerrillas from West Beirut had been discussed with the Lebanese, the Palestinians, the Israelis and possible members of a peacekeeping force.

AMERICAN INDUSTRY'S REJECTION OF TRADE PACT NOT SEEN AS FATAL U.S. reassures EEC over steel

BY GILES MERRITT IN BRUSSELS

THE U.S. Government has reassured the EEC's Commission that it does not consider the recent steel pact by the Community and the U.S. to be dead according to Viscount Etienne Davignon, the EEC Industry Commissioner. This is in spite of the rejection of the pact by U.S. Steel, the largest American producer, and objections by other big steel-making companies in the U.S.

Senior executives of some big EEC steel producers, grouped in the Eurofer club, are to meet in Brussels today to discuss the adjustments of exports needed to share the burden of fulfilling the export-limitation pact. The basis of the proposed pact is that the EEC's 6.3 per cent share last year of the U.S. steel market should be reduced to 5.75 per cent by the establishment of export ceilings for the various categories, and that they should be governed by special EEC export licences. The shares agreed for each category are: hot-rolled sheet and strip, 7.45 per cent; cold-rolled sheet, 5.15 per cent; plate, 5.88 per cent; structural, 10.90 per cent; wire rods, 4.29 per cent; hot-rolled bar, 3.01 per cent; coated sheet, 3.32 per cent; tin plate, 2.2 per cent; rails, 8.9 per cent; stainless steel sheet and strip, and stainless steel plate, 4.08 per cent.

Hadson Petroleum issue flops

By Carla Rapoport

A SHARE ISSUE yesterday by Hadson Petroleum International proved one of the biggest flops in recent years, attracting applications for only 3 per cent of the 10m shares put up for sale. The bulk of the £12m worth of shares in the European subsidiary of Hadson Petroleum, an Oklahoma-based oil and gas company, have been left with the sub-underwriters. The new company, which will be traded on the Unlisted Securities Market, has a 7.5 per cent stake in the promising Humble Grove field near Basingstoke, Hants.

Oil company sues Gulf for \$3bn

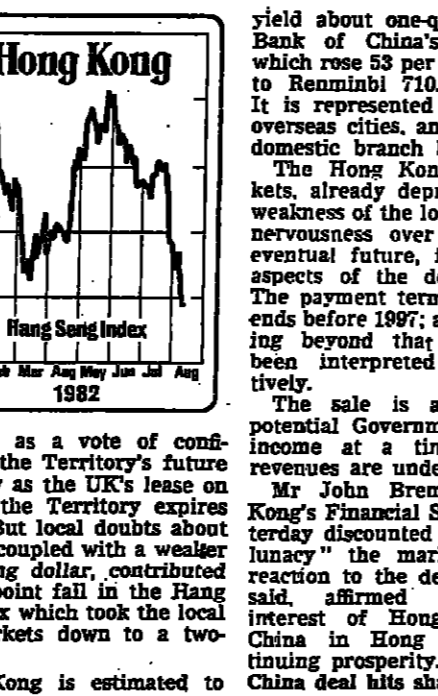
By Paul Betts in New York

CITIES SERVICE, the U.S. oil company, is suing Gulf Oil for \$3bn (£1.6bn) in damages. It accused Gulf, the country's sixth largest oil company, of "intentional and malicious breaches of contract." The lawsuit, involving one of the largest damages claims on record, followed Gulf's sudden decision last Friday to call off its proposal \$5bn acquisition of Cities Service.

Shares fall as China bank buys £96m Hong Kong site

BY ROBERT COTTRELL IN HONG KONG

THE Bank of China, China's state-owned international bank, has arranged with the Hong Kong Government to pay HK\$1bn (£96.5m) for a local headquarters site in Central district, Hong Kong. The building is expected to cost a further HK\$1bn. The purchase contributed to an 80-point fall on the Hang Seng index.



welcomed as a vote of confidence in the Territory's future prosperity as the UK's lease on much of the Territory expires in 1997. But local doubts about the deal, coupled with a weaker Hong Kong dollar, contributed to an 80-point fall in the Hang Seng index which took the local stock markets down to a two-year low. The sale is also reducing potential Government land-sale income at a time when its revenues are under pressure.

Japanese trade surplus forecast to rise

BY DAVID WHITE IN PARIS

JAPAN'S SURPLUS on the current account of its balance of payments could rise from an annual rate of \$3.5bn (£2bn) in the first half of this year to an annual rate of \$25.5bn (£15bn) in the second half of 1983. This would exacerbate trade friction with other industrialised countries, the Organisation for Economic Co-operation and Development warns today.

AEG Continued from Page 1

AEG, but it clearly has a vital interest in securing a successful restructuring through the legal composition proceedings. It has also said it will give speedy and sympathetic hearing to further AEG applications for loan guarantees amounting to more than DM 1bn. Herr Dürr admitted yesterday that the company had been forced to drop its controversial survival strategy, AEG-83 after talks with potential industrial partners were abandoned.

Dow drops

Continued from Page 1
stock, with a 0.27 fall in the FT Government Securities index which closed at 72.39. Sterling continued its recent firmness against Continental currencies, closing London against the D-Mark at DM 4.2850, up 50 points from Friday's close. Its Bank of England trade-weighted index against a basket of currencies closed in London at 80.7, compared with 81.1 at Friday's close.

Weather

UK TODAY
 DRY with sunny periods.
 London, S.E., E. England, Midlands
 Sunny periods. Max. 22C (72F).
 S.W., N.W. England, Wales
 Becoming cloudy later. Max. 20C (68F).
 N.E. England, S. Scotland
 Mostly dry. Max. 18C (66F).
 S.W. Scotland, N. Ireland
 Scattered showers, dying out. Max. 20C (68F).
 Rest of Scotland
 Showers, some heavy. Windy. Max. 16C (61F).
 Outlook: Becoming cooler.

WORLDWIDE

	Y'day	Y'day
	°C	°F
Ajaccio	28	82
Algeria	28	82
Amsterdam	21	70
Athens	30	86
Bahama	28	82
Bahrain	28	82
Beirut	—	—
Belfast	16	61
Berlin	22	72
Bombay	27	81
Buenos Aires	19	66
Burkina Faso	27	81
Cardiff	24	75
Casablanca	24	75
Cape Town	17	63
Chicago	15	59
Cologne	21	70
Corfu	28	82
Denver	19	66
Dhaka	18	64
Edinburgh	19	66
Faro	15	59
Frankfurt	23	73
Geneva	24	75
Hamburg	23	73
Helsinki	17	63
Hong Kong	28	82
London	21	70
Lyons	23	73
Madrid	28	82
Moscow	22	72
Munich	23	73
Nairobi	27	81
Naples	27	81
Nicosia	28	82
Osaka	28	82
Paris	22	72
Perth	15	59
Prague	19	66
Rangoon	28	82
Rio de Janeiro	27	81
Rome	28	82
Salt Lake City	22	72
Singapore	27	81
Sydney	24	75
Taipei	28	82
Tokyo	28	82
Toronto	18	64
Washington	23	73
Wellington	17	63
Yokohama	28	82

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TOKAI BANK
 *Assets US\$4,680 million according to listing of the world's 100 largest banks in Institutional Investor, July 1981.
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